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83<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8659

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 1954

Mr. TOLLEFSON introduced the following bill; which was referred to the Committee on Merchant Marine and Fisheries

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## A BILL

To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 901 of the Merchant Marine Act, 1936, as  
4       amended, is hereby amended by inserting “(a)” after “SEC.  
5       901” and by adding at the end of the section the following  
6       new subsection:

7       “(b) Whenever the United States shall procure, con-  
8       tract for, or otherwise obtain for its own account, or shall  
9       furnish to or for the account of any foreign nation, any  
10      equipment, materials, or commodities, within or without

1 the United States, or shall advance funds or credits or guar-  
2 antee the convertibility of foreign currencies in connection  
3 with the furnishing of such equipment, materials, or com-  
4 modities, at least 50 per centum of the gross tonnage of  
5 such equipment, materials, or commodities. (computed sepa-  
6 rately for dry bulk carriers, dry cargo liners, and tankers),  
7 which may be transported on ocean vessels shall be trans-  
8 ported on privately owned United States-flag commercial  
9 vessels, to the extent such vessels are available at fair and  
10 reasonable rates for the movement in United States-flag  
11 vessels, in such manner as will insure a fair and reasonable  
12 participation of United States-flag commercial vessels in  
13 cargoes by geographic areas: *Provided*, That unless the  
14 Secretary of Commerce after public hearing finds and certi-  
15 fies to the proper Government agency that the foreign com-  
16 merce of the United States will be promoted, or that privately  
17 owned United States-flag commercial vessels are not avail-  
18 able in sufficient numbers or in sufficient tonnage capacity,  
19 or at the aforesaid reasonable rates, such equipment, ma-  
20 terials, or commodities shall be transported exclusively on  
21 privately owned United States-flag commercial vessels:  
22 *Provided further*, That foreign-flag ships not registered under  
23 the flag of the consignor or consignee of nation may partici-  
24 pate in the carriage of such equipment, materials, or com-  
25 modities only to the extent that such nation does not have

1 ships of its own registry available in sufficient numbers or  
2 in sufficient tonnage capacity. Nothing herein shall repeal  
3 or otherwise modify the provisions of Public Resolution  
4 Numbered 17, Seventy-third Congress (48 Stat. 500), as  
5 amended.”

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By Mr. TOLLEFSON

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MARCH 31, 1954

Referred to the Committee on Merchant Marine and Fisheries

# S. 3233

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## IN THE SENATE OF THE UNITED STATES

MARCH 31 (legislative day, MARCH 1), 1954

Mr. BUTLER of Maryland introduced the following bill; which was read twice and referred to the Committee on Interstate and Foreign Commerce

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9 such vessels are available at fair and reasonable rates for the  
10 movement in United States-flag vessels, in such manner as  
11 will insure a fair and reasonable participation of United  
12 States-flag commercial vessels in cargoes by geographic areas:  
13 *Provided*, That unless the Secretary of Commerce after pub-  
14 lic hearing finds and certifies to the proper Government  
15 agency that the foreign commerce of the United States will  
16 be promoted, or that privately owned United States-flag  
17 commercial vessels are not available in sufficient numbers or  
18 in sufficient tonnage capacity, or at the aforesaid reasonable  
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20 transported exclusively on privately owned United States-  
21 flag commercial vessels: *Provided further*, That foreign-  
22 flag ships not registered under the flag of the consignor or  
23 consignee nation may participate in the carriage of such  
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25 such nation does not have ships of its own registry available

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By Mr. BUTLER of Maryland

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MARCH 31 (legislative day, MARCH 1), 1954  
Read twice and referred to the Committee on  
Interstate and Foreign Commerce





# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 14, 1954  
For actions of June 11, 1954  
83rd-2nd, No. 108

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HIGHLIGHTS: House committee reported actions on dairy provisions of farm-program bill. House passed trade-agreements bill. Senate corrected effective date on bill to increase excess-tobacco penalty. Senate committees reported Indian extension-work bill and bill to authorize 3/8 bu. basket. Sen. Knowland inserted USDA maps and analysis of price supports. Sens. Aiken, Douglas, and others debated level of REA appropriations. Sen. Knowland inserted President's speech on legislative program, including price supports. Rep. Johnson, Wis., criticized reduction in dairy price supports. Rep. Curtis, Nebr., commended REA progress under this Administration. Rep. Mason spoke in favor of USDA price-support program.

## HOUSE

- FARM PROGRAM.** The "Daily Digest" states: "Committee on Agriculture: Voted to adopt the following provisions in the section dealing with dairy products as contained in the committee print of the long-range farm program —  
"Direct the Secretary of Agriculture to undertake a domestic disposal program for dairy products.  
"Expand the use of milk in schools, and that the Secretary use not to exceed 50 million annually from funds of the Commodity Credit Corporation so as to increase use of fluid milk by children in nonprofit schools of high-school grade and under.  
"Encourage donation of surplus dairy products to military services and veterans' hospitals.  
"Authorize and encourage 5-year foreign contracts by private industry.  
"Authorize accelerated brucellosis-eradication program.  
"Direct the Secretary to make additional studies of the various phases of the dairy industry, and furnish a detailed report on the subject to Congress on or before January 3, 1955." (pp. D669-70.)  
Rep. Johnson, Wis., criticized the reduction in dairy price supports (p. 7637).
- TRADE AGREEMENTS.** Passed, 281-53, without amendment H. R. 9474, to continue the President's authority to enter into reciprocal trade agreements for 1 year, to June 12, 1955 (pp. 7637-67).

3. PERSONNEL. Rep. Garmatz spoke in favor of unemployment compensation for Federal employees and others (pp. 7667-8).
4. ADJOURNED until Mon., June 14 (p. 7670). Legislative program, as announced by Rep. Halleck: Mon., D. C. bills; Tues., and for balance of week, Private Calendar; disposal of surplus agricultural commodities (S. 2475), motor vehicle pools (H. R. 8753), and foreign-aid and housing bills if reported (p. 7667).

SENATE

5. TOBACCO QUOTAS. Agreed to a correction in the date effective for S. 3050, to increase from 40% to 50% of the average market price, the penalty for marketing tobacco in excess of quotas. As finally passed, the bill would become effective Oct. 1, 1954, except that for flue-cured tobacco it would become effective July 1, 1955. The bill will now be sent to the President. (pp. 7589, 7617.)
6. EXTENSION WORK. The Interior and Insular Affairs Committee reported with amendments S. 3385, to transfer Indian extension work from Interior to USDA and the States (S. Rept. 1592) (p. 7582).
7. CONTAINERS. The Interstate and Foreign Commerce Committee reported without amendment H. R. 8357, to amend the Standard Container Act so as to authorize a 3/8 bushel basket (S. Rept. 1585).
8. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendments S. 3233, to provide permanent legislation for transportation of a substantial portion of water-borne cargoes in U. S.-flag vessels (S. Rept. 1584) (p. 7582).
9. DEFENSE APPROPRIATION BILL, 1955. The Appropriations Committee reported with amendments this bill, H. R. 8873 (S. Rept. 1582) (pp. 7581-2).
10. STATE, JUSTICE, COMMERCE APPROPRIATION BILL, 1955. Began debate on this bill, H. R. 8067 (pp. 7588, 7593-4, 7600-8, 7628-33).
11. PRICE SUPPORTS. Sen. Knowland inserted the President's recent speech on his legislative program, including price supports (pp. 7589-91).  
Sen. Knowland inserted a USDA press release on maps showing the State-by-State distribution of farm income from price-supported and non-supported farm commodities and said: "These statistics are the most revealing I have ever seen in proof of the necessity for the new farm program which the Secretary and the President have recommended... I have taken the liberty of forwarding a copy of the statistics to all Senators..." (pp. 7591-2.)
12. REA APPROPRIATIONS. Sen. Aiken spoke against the recent amendment to increase REA funds by \$35,000,000, saying such an increase was unnecessary. Sen. Douglas and others debated this question with Sen. Aiken. (pp. 7595-600.)
13. LAND TRANSFER. Sen. Morse indicated that he will speak against H. R. 3097, to transfer a grape research station from USDA to Calif., and Sen. Knowland agreed that the bill would not be taken up until Tues. at the earliest (pp. 7593, 7628).
14. COMMITTEE ASSIGNMENT. Sen. Ervin, N. C., was assigned to the Government Operations Committee (p. 7581).
15. RECESSED until Mon., June 14 (p. 7634). Legislative program for this week,

## PERMANENT CARGO-PREFERENCE LEGISLATION

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JUNE 11, 1954.—Ordered to be printed

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Mr. BUTLER of Maryland, from the Committee on Interstate and Foreign Commerce, submitted the following

## REPORT

[To accompany S. 3233]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 3233) to amend the Merchant Marine Act of 1936, as amended, to provide permanent legislation assuring cargo preference to privately owned United States-flag vessels, having considered the same, report favorably thereon, with amendments, and recommend that the bill as amended do pass.

## PURPOSE OF THE BILL

S. 3233, as introduced and amended, would broaden and write into law on a permanent basis the policy of assuring to privately owned United States merchant-flag vessels that "substantial portion of the waterborne export and import foreign commerce," which the Congress has proclaimed in repeated statutes as necessary to maintenance of an adequate merchant fleet.

Specifically the bill as reported would provide that "the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 percent" of any equipment, materials, or commodities procured, contracted for or otherwise obtained by the United States Government anywhere in the world, for its own account, or to be furnished or given to any foreign government, or financed, shall be transported in privately owned United States merchant vessels, unless the President or the Secretary of Defense shall declare an emergency exists justifying temporary waiver of these provisions.

The basic policy the bill thus would incorporate into permanent legislation has been proclaimed by the Congress in the Merchant Marine Acts of 1920, 1928, and 1936, and in the Merchant Ship Sales Act of 1946. The principle of "at least 50 percent" is more specifically

laid down in the various foreign economic and military provisions of recent years, as follows:

1. Economic Cooperation Act of 1948, and the ECA Amendments, 1949 (Public Law 47, 81st Cong.).
2. Korean Aid Act (Public Law 447, 81st Cong.).
3. Yugoslavia Emergency Relief Assistance Act of 1950 (Public Law 897, 81st Cong.).
4. India Emergency Food Aid Act of 1951 (Public Law 48, 82d Cong.).
5. Mutual Defense Assistance Act (Public Law 329, 81st Cong.).
6. Mutual Security Act of 1951 (Public Law 165, 82d Cong.).
7. Pakistan wheat bill (Public Law 77, 83d Cong.).

Use 2631  
 Affirming this principle likewise was the action of the Congress in 1904 (31 U. S. C. sec. 1365 and 34 U. S. C. sec. 528) requiring that "vessels of the United States, or belonging to the United States, and no others, shall be employed in the transportation by sea of coal, provisions, fodder, or supplies of any description, purchased pursuant to law, for the use of the Army or Navy."

RFR. 2631  
 Public Resolution 17, 73d Congress, 1934, 48 Statute 500, as amended, requires that all cargoes financed by the Export-Import Bank or any other instrumentality of Government should be carried in American bottoms. This resolution specifically is not repealed or modified by this bill.

The bill as reported would apply to offshore procurement not heretofore covered by cargo preference provisions in the various statutes, as well as to cargoes furnished to foreign nations where the United States Government guarantees to pay the dollar equivalent of the cost of the cargoes. In all cases, however, it is provided that the assurance of preference to United States shipping would apply only to the extent that such vessels were available at market rates for United States-flag commercial vessels.

#### DIFFERENCES BETWEEN THE BILL AS REPORTED AND THE BILL AS INTRODUCED

The bill as introduced provided that—

Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation \* \* \* at least 50 per centum of the gross tonnage \* \* \* which may be transported on ocean vessels shall be transported on privately owned United States-flag vessels \* \* \* .

The bill as amended adds the words "without provision for reimbursement" after the words "foreign nation", to exclude from the coverage of the bill instances where this Government acts simply as agent, on a reimbursable basis, for the foreign nation. It also makes somewhat less rigid the 50 percent clause by rewording it as follows:

the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage \* \* \* which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels \* \* \* .

The bill as introduced provided that—

Unless the Secretary of Commerce after public hearing finds and certifies to the proper Government agency that the foreign commerce of the United States will be promoted, or that privately owned United States-flag commercial vessels are

not available in sufficient numbers or in sufficient tonnage capacity, or at the aforesaid reasonable rates, such equipment, materials, or commodities shall be transported exclusively on privately owned United States-flag commercial vessels.

This proviso, hereinafter referred to as the "100-percent proviso", is eliminated entirely in the amended bill reported.

Also eliminated in the bill as reported is a second proviso, hereinafter referred to as the "consignor-consignee" proviso, which provided—

That foreign-flag ships not registered under the flag of the consignor or consignee nation may participate in the carriage of such equipment, materials, or commodities only to the extent that such nation does not have ships of its own registry available in sufficient numbers or in sufficient tonnage capacity.

An added proviso in the bill as reported reads as follows:

*Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies.

#### FAVORING THE PRINCIPLE OF CARGO PREFERENCE

The shipping industry, through its five major associations, is unanimously in favor of the objectives of the bill. Francis T. Greene, executive vice-president of the American Merchant Marine Institute, Inc., voiced the approval not only of his own group, but also of the Pacific American Steamship Association and the Association of American Shipowners. James B. Stuart, president of the American Tramp Shipowners Association, Inc., strongly urged the need for a broadened 50-50 permanent law.

The Committee of American Steamship Lines, while not represented among the witnesses at the hearings, likewise has urged enactment of the bill.

In the field of maritime labor, Hoyt S. Haddock, executive secretary of the Conference of American Maritime Unions, testified in favor of the bill. Andrew A. Pettis, international vice president and Washington representative of the International Union of Marine and Shipbuilding Workers of America, CIO, gave his organization's backing.

The views of the Chamber of Commerce of the United States, favoring the bill, were presented by Donald G. Ward, director of transportation for the Mathieson Chemical Corp.

The Shipbuilders Council of America, by letter, earnestly solicited favorable consideration of the bill.

#### OPPOSING THE BILL IN WHOLE OR IN PART

Before turning to the major objectives voiced by opponents of the bill it should be borne in mind that by eliminating the 100 percent and the consignor-consignee provisions we believe we have removed the features of the bill, as proposed, which were most objectionable to the Department of Defense, the other interested Government agencies and the American Cotton Shippers Association. Accordingly, in fairness to those who opposed the bill, it should be noted that their most serious objections have been met by amendments.

The State Department, through Thorsten V. Kalijarvi, Deputy Assistant Secretary for Economic Affairs, opposed the bill. State's

chief reason for so doing seemed to be that it believed the bill would invite foreign nations to discriminate against American-flag vessels and thus, in the long run, be detrimental to American shipping. However, in addition to the fact that American shipping interests uniformly favored the bill, Mr. Kalijarvi conceded that "the [State] Department has no record of any adverse comments on S. 3233 from American shipping and shipbuilding companies or individuals engaged in those industries."

Therefore, we are convinced that there is no real danger that this bill, especially as amended, will encourage foreign nations to discriminate against American shipping.

Department of Defense opposition to the proposed extension of 50-50 coverage was expressed by Vice Adm. Francis C. Denebrink, who also presented the views of the Military Sea Transportation Service, of which he is Chief. He protested that "the bill contains no saving clause with reference to the national security \* \* \* there is no stipulation for providing for liberalization of its terms even in the event of war or national security."

This objection has been met by the proviso, included in the bill as reported, to the effect that the provisions of the bill can be waived, whenever the Congress by concurrent resolution or otherwise, or the President or Secretary of Defense declares the existence of an emergency justifying temporary waiver of the bill's provisions.

He further stated that "in the interest of national security, the Department of Defense cannot accept restrictions, actual or implied, which would adversely affect its control of military logistic support, including ocean transportation." The committee, remembering the magnificent support given by the privately owned merchant and tanker fleets in World War II and during hostilities in Korea, is confident that the bill as reported, particularly with the emergency proviso, will not do what Admiral Denebrink feared the bill, as proposed, might do.

As for his concern that the bill's operation would "regulate both MSTs and fleet auxiliary ships to the position of augmenting the privately owned merchant fleet, the bill, as amended, poses no such danger. Indeed, under our private-enterprise system, with an adequate merchant marine not only available, but pitifully inactive, the committee expects our MSTs fleet to do its utmost to avoid competing with our privately owned and operated merchant fleet where urgent military needs are not involved, and time is not necessarily of the essence.

The Foreign Operations Administration, according to Arthur G. Syran, Director of the Office of Transportation, accepts and enforces the 50-50 provisions of the statutes now in effect, but opposes extension to offshore routes because of difficulties of administration. He also thought such an extension would be detrimental to American shipping, and invite further foreign discriminations against our ships.

However, insofar as offshore purchasing is concerned, the committee was more impressed by the testimony of A. J. Walsh, Commissioner, Emergency Procurement Service, General Services Administration, who stated that "the extension of the (50-50) rule to so-called offshore procurement for foreign aid would not, we think, create any difficulties insofar as our operations are concerned provided the bill is modified \* \* \* to assure flexibility."

On this point, we were deeply impressed by the testimony of Donald G. Ward, of the Mathieson Chemical Corp., who voiced support of the bill on behalf of the United States Chamber of Commerce. He testified that the United States has purchased the great bulk of foreign-aid fertilizers from foreign producers, even though American fertilizer is as cheap or cheaper than the foreign product. The offshore procurement has been done on a laid-down basis in Korea and elsewhere, he declared, with an eye to lower costs of transportation in foreign bottoms rather than to the policy of cargo preference to American shipping; the result has been that both American shipping and American fertilizer producers have been largely bypassed. Mr. Ward's statement is borne out by Government statistics submitted on this point to the subcommittee.

For instance, in the 12-month period ending April 30, 1954, the Emergency Procurement Service of FOA purchased 240,337 metric tons of fertilizer, for aid to Korea, Burma, Iran, Indochina, Liberia, Iraq, Pakistan, India, and Yugoslavia. Only 45,639 tons, or 19 percent were procured in the United States. Of the total, 48,695 metric tons, or 34.7 percent of all f. o. b. shipments from foreign countries were purchased abroad, because of lower transportation costs in foreign bottoms, despite lower fertilizer price quotations from United States sources.

#### VIEWS OF THE DEPARTMENT OF AGRICULTURE

In a letter from the Department of Agriculture, dated May 6, 1954, and signed by M. J. Hudtloff, it was stated that the Department of Agriculture has no immediate interest in S. 3233. ✓

#### CONCLUSION

The committee is convinced that the bill, S. 3233, as reported, is desirable as a codification and extension of present provisions in the several foreign economic and military-aid statutes in that—

(a) It lays down a permanent, uniform policy for all current and future aid programs;

(b) It plugs existing loopholes, particularly with respect to offshore purchasing, and programs financed in any way by Federal funds;

(c) It eliminates the f. o. b. (shipside delivery) and c. a. f. (cargo and freight) procedures by which a high percentage of exports from this country, and offshore purchases contracted for, financed, or furnished by the United States, have been routed in foreign vessels in violation of the spirit if not the letter of existing cargo-preference legislation.

We believe there is no substance to the objection raised by the representative of the Foreign Operations Administration against the convertibility of foreign currency provision. The bill does not relate in any way to convertibility of United States investments abroad. It applies only to cargoes furnished to foreign nations where our Government agrees to pay the dollar equivalent of the cost of the cargoes, and where there is governmental transfer of American commodities in exchange for local foreign currencies, which is now outside the provisions of existing foreign aid legislation.

With regard to suggestions by Government witnesses that S. 3233 be held in abeyance until the conclusion of further study of possible direct aids to shipping, the committee considers that cargoes constitute the most direct aid. The urgent need of the American merchant marine is for cargoes—and it is this need that S. 3233 is designed to meet.







Calendar No. 1597

83<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3233

[Report No. 1584]

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## IN THE SENATE OF THE UNITED STATES

MARCH 31 (legislative day, MARCH 1), 1954

Mr. BUTLER of Maryland introduced the following bill; which was read twice  
and referred to the Committee on Interstate and Foreign Commerce

JUNE 11, 1954

Reported by Mr. BUTLER of Maryland, with amendments

[Omit the part struck through and insert the part printed in italic]

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## A BILL

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ties, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, *the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that* at least 50 per centum of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at ~~fair and reasonable market rates for the movement in~~ United States-flag *commercial* vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in *such* cargoes by geographic areas: *Provided*, That unless the Secretary of Commerce after public hearing finds and certifies to the proper Government agency that the foreign commerce of the United States will be promoted, or that privately owned United States-flag commercial vessels are not available in sufficient numbers or in sufficient tonnage capacity, or at the aforesaid reasonable rates, such equipment, materials, or commodities shall be transported exclusively on privately owned United States-flag commercial vessels: *Provided further*, That foreign-

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8 *or the President of the United States or the Secretary of*  
9 *Defense declares that an emergency exists justifying a tem-*  
10 *porary waiver of the provisions of section 901 (b) and so*  
11 *notifies the appropriate agency or agencies. Nothing herein*  
12 *shall repeal or otherwise modify the provisions of Public*  
13 *Resolution Numbered 17, Seventy-third Congress (48 Stat.*  
14 *500), as amended."*

83<sup>d</sup> CONGRESS  
2<sup>d</sup> Session

S. 3233

[Report No. 1584]

A BILL

To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of water-borne cargoes in United States-flag vessels.

By Mr. BUTLER of Maryland

MARCH 31 (legislative day, MARCH 1), 1954

Read twice and referred to the Committee on Interstate and Foreign Commerce

JUNE 11, 1954

Reported with amendments





The opposite side of the coin is that unless motions were made to take up bills which have been considered by the proper committees of the Senate, the result, in effect, would be to give a single Senator veto power over such legislation. Upon the call of the calendar a single Senator, by objecting, could set himself above the committees which had reported the bills to the Senate, and 95 other Members of the Senate. I believe that is more power than any individual Senator either should want or should have, if we are to have proper legislative procedure in the Senate.

The bill came before the Committee on Agriculture and Forestry and was reported to the Senate. It does not transfer the title in such a way that the University of California can in turn pass to someone else. The university cannot sell the property. It cannot dispose of it. It cannot use it for other purposes. However, inasmuch as the Federal Government did not, from a budget standpoint, believe that it could or should carry on this very important work, which is of benefit to agriculture in general, it recommended that a bill be passed which would permit the University of California to carry on work which otherwise the Department of Agriculture would have to carry on, and for which an appropriation would have to be voted, with the understanding that the knowledge to be gained will be made available to other sections of the country, and that should the University of California at any time decide it cannot carry on the work, the property shall revert to the Federal Government.

It seems to me under that statement of facts—and those are the facts—the Senate is amply justified in passing the bill, which has already passed the House of Representatives.

The bill was introduced in the House, I understand, by Representative SCUDDER. It received a hearing before the House committee, it passed the House, was sent to the Senate, was considered by the Senate Committee on Agriculture and Forestry, and that committee has favorably reported it to the Senate.

I believe it to be a good piece of legislation. I do not believe that it is a give-away piece of legislation. If precisely the same facts were presented with respect to any other agricultural experiment station, the transfer of which was proposed, I would support such legislation, because I believe it is entirely sound and in keeping with good national policy.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, replying to the majority leader, I wish to make two points.

First, the majority leader knows very well that whenever a Congress finally adjourns there are left on the calendar unacted upon several hundred bills which die on the calendar.

The long legislative history of the Senate demonstrates that a great body of bills are dependent for passage upon Members of the Senate being convinced by unanimous consent that they should be passed, and if the Members of the

Senate cannot be so convinced, the bills die on the calendar.

We have before us a bill which clearly falls under the unanimous-consent procedure of the Senate, since it is one of the so-called minor bills. It is one of the bills to which we have been applying a certain policy known as the Morse formula. Now it is proposed not to let the bill die on the calendar, as it died in 1952, but to accord it major consideration by taking it up by motion, and excepting it from the Morse formula.

I wish to say to my colleagues in the Senate that it is not fair to them if they let 1 or 2 or 3 or a group of Senators by way of a motion circumvent a policy with which they generally agree. Such Senators put those of us who are fighting to save the value of property for all the taxpayers of the United States in the position of discriminating against other Senators. We do not like to be put in that position.

The second point I wish to make is that this bill proposes to transfer a very valuable property. It does not have to be a fee simple transfer, Mr. President. Of course a reservation is attached. Of course a condition is added. The bill provides that if the property is not used for the particular purpose mentioned in the bill it shall revert to the Federal Government. Does that make this property without value?

There are many State universities and public agencies throughout the country that would like to get this kind of gift. It is a gift. It is a gift of \$26,000 of taxpayers' money. Indeed, it is more than that, because, in my judgment, we can get more than that for this property through a public auction.

Mr. President, let me say further in reply to the Senator from California that this proposed action may be just the first step toward a total transfer in fee simple. Apparently an interesting pattern is developing in the Senate. It has come up only within a matter of an hour and a half. About an hour and a half ago we had an interesting colloquy on the floor of the Senate with regard to the transfer of the reversionary interest in eight and a fraction acres of land in Georgia.

What happened in that case? Years ago, long before the Morse formula was evolved in the Senate, the Federal Government gave to the State of Georgia a piece of land consisting of eight and a fraction acres. It was given to the State for school purposes, but there was attached to it a reversionary clause. Today we had on the calendar a bill which proposed to give the reversionary interest to the State of Georgia.

I took the floor of the Senate, and the RECORD tomorrow will show that I said in effect that I would not object because in my judgment the mistake was made when the property was transferred years ago. It was transferred clearly with the intent that the University of Georgia should get the land for educational purposes. The University of Georgia has used it for educational purposes.

The Senator from Georgia [Mr. GEORGE] assured the Senate that it would

be continued to be used for educational purposes. He said the only reason the State wanted the reversionary clause removed was because under Georgia State law the State could not invest any State money in the property for the development of educational facilities unless the State of Georgia owned it in fee simple.

I said that under the circumstances, in view of the fact that the bill was passed in the first instance long before 1946, I would not object. However, I said I wanted the RECORD to show why I was not objecting. If I had been a Member of the Senate at the time the original bill was passed I would have objected to the transfer in the first instance.

It is perfectly clear that the property was given to the State of Georgia by Congress with the intention that it should be used for school purposes. I said that the word of the Senator from Georgia was as good as a bond in this matter. When he gave the Senate the assurance that the State of Georgia wanted the reversionary clause removed only because it desired to spend State money on the property for school facilities, I took him at his word.

Mr. President, there are two or three other bills still pending on the calendar involving property which was given in the first instance for one purpose, with a reversionary clause attached, and now the local body wants the reversionary clause removed.

Who among us can say that in years to come—I do not know how many years or how near in the future it may be—that a proposal will not be made by way of another bill to remove the reversionary clause in the pending bill?

When the Senator from California states that after all this is not an all-out grant in fee simple, I say to him that the answer is two-pronged. First, it is a transfer of a very valuable property interest belonging to all the people of the country. In the second place, there is also the possibility that it may be merely the first step toward an eventual proposal that by some other legislation in the future the reversionary clause will be removed.

We must face the question of whether we will countenance that kind of give-away program.

I care not how many Senators say this is not a give-away. I know when I am losing \$26,000. I know that the people who own this property are having it given away by Congress today, if a majority vote prevails in favor of the bill this afternoon.

I do not believe it is right. In my judgment, it is a breakdown of a very sound policy of requiring that State bodies which seek Federal surplus property pay at least 50 percent of the appraised fair market value for the property.

Mr. KUCHEL. Mr. President, earlier today, on the Consent Calendar the Senate passed a bill by which the State of California agreed to purchase and the Government of the United States agreed to sell some 3 acres of property in the northern part of the State which thereafter will be used by the State Govern-

ment for a quarantine station. As the distinguished junior Senator from Oregon knows, the bill provided that the State should pay the fair market value. That was a case, Mr. President, of the Government of the United States, by the enactment of the bill, divesting itself completely of all title or claim to the property, of the State of California acquiring title to the property, and under the terms of the bill the State of California will be able to use it as the owner in fee simple.

While I am not thoroughly acquainted with all the background of the pending bill, Mr. President, an entirely different situation is involved. In this case the Department of Agriculture acquired property in the State of California to be utilized for certain experimental purposes, in the public interest. Now, by reason of the budgetary situation, it has seen fit not to ask for a continuance of appropriations to carry on the type of experiments which were being conducted there. So, Mr. President, under all the circumstances, the Department of Agriculture has suggested to a great public educational institution that it take over the land and the equipment and continue to pay for the type of experimental work for which the people of the United States heretofore have been paying.

I respectfully say that when my able and distinguished colleague from Oregon states that we are considering giveaway legislation, he is wrong. I make the contrast between the bill which we passed an hour ago, which provided for full compensation to be paid by the people of California, and this particular bill which provides that during the time the State government, acting through the State university, does the work for which the people of the Nation heretofore have been paying, it may use that property, and when it stops doing that work or refuses to continue doing it, the property shall revert to the people of the United States. There is no reason why anyone should object to this proposed legislation.

Mr. MORSE. Mr. President, I am not proposing that the University of California should pay 50 percent of the appraised fair market value of this property in fee simple. I am proposing that it pay 50 percent of the appraised fair market value of the property, including a reversionary clause.

Mr. President, many pieces of property are transferred commercially every day with various reversionary clauses attached to them, but they have tremendous value. This piece of property will cost the University of California less with reversionary clause attached to it than with the fee simple clause attached to it. I am not sure it would be good business to sell this piece of property for experimental purposes even with the reversionary clause attached to it, because, in my judgment, one of the holes in the argument of the Senator from California is that to all intents and purposes this property has not been an effective experiment station since 1933. It has been allowed to deteriorate since 1933. The Department of Agriculture has not been conducting scientifically controlled

experiments there, I am advised, for the past 18 years. So it is not a case of a going experiment station being transferred to the State of California. It is a piece of very valuable agricultural land that is being given to the University with a reversionary clause attached to it. All I am saying is that the same principle should apply as applies to a leasehold interest.

Suppose there were before us a proposal for some Government agency to lease a piece of Federal property—because we are not transferring fee-simple title—does the Senator from California take the position that we should give them the lease without cost? Of course not. We charge them 50 percent of the appraised fair market value of the leasehold interest. I am proposing that we charge them 50 percent of the appraised fair market value of this land with the reversionary clause attached. Why? Because it is property which all the taxpayers of the Nation own. I see no reason why we should make a donation to the University of California simply because some who are interested in the grape industry, or particularly some interested in making wine would like to have some experiments continue.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Flanders	Martin
Barrett	Fulbright	Maybank
Beall	George	Morse
Bennett	Gillette	Russell
Bridges	Gore	Saltonstall
Burke	Hayden	Smith, N. J.
Bush	Hendrickson	Stennis
Butler, Md.	Hill	Upton
Capehart	Holland	Watkins
Clements	Johnson, Tex.	Wiley
Cordon	Kennedy	Williams
Daniel	Knowland	Young
Ellender	Kuchel	
Ervin	Mansfield	

Mr. SALTONSTALL. I announce that the Senator from Kentucky [Mr. COOPER], the Senator from Arizona [Mr. GOLDWATER], and the Senator from North Dakota [Mr. LANGER] are necessarily absent.

Mr. CLEMENTS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Tennessee [Mr. KEFAUVER], the Senator from North Carolina [Mr. LEMON], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Wyoming [Mr. HUNT] is necessarily absent.

The PRESIDING OFFICER (Mr. BENNETT in the chair). A quorum is not present.

Mr. KNOWLAND. Mr. President, I move the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms is instructed to execute the order of the Senate.

After a little delay, Mrs. BOWRING, Mr. BRICKER, Mr. BUTLER of Nebraska, Mr. BYRD, Mr. CARLSON, Mr. CASE, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. EASTLAND, Mr. FERGUSON, Mr. FREAR, Mr. GREEN, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KERR, Mr. KILGORE, Mr. LEHMAN, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MCLELLAN, Mr. MILLIKIN, Mr. MONRONEY, Mr. MUNDT, Mr. MURRAY, Mr. NEELY, Mr. PASTORE, Mr. PAYNE, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. SCHOEPPPEL, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. SYMINGTON, Mr. THYE, and Mr. WELKER entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

House bill 3097 having been read the third time, the question is, Shall it pass?

Mr. MORSE. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is, Shall the bill (H. R. 3097) pass? [Putting the question.]

The "ayes" seem to have it.

Mr. MORSE. Mr. President, I ask for a division.

On a division, the bill was passed.

#### TRANSPORTATION OF WATERBORNE CARGOES

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1597, Senate bill 3233, to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3233) to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels, which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

Mr. BUTLER of Maryland. Mr. President, the bill was discussed at some length during the call of the calendar. At that time only one objection was made to the bill. It was suggested by the Senator from Delaware [Mr. WILKINS], the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Tennessee [Mr. GORE] that on page 2, line 12, the word "market" inserted by the committee be stricken, and that the words "fair and reasonable", originally a part of the bill, be reinstated. I am willing to accept that amendment or rather I ask the Senate to disagree to the committee amendment. Unless

there is further question on the bill, I ask that the bill be passed.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. BUTLER of Maryland. I am very happy to yield to my friend from Oklahoma.

Mr. MONRONEY. As the senior Senator from Maryland knows, in the Committee on Interstate and Foreign Commerce I raised a question regarding the bill and voted against it in committee. I am constrained to believe in the principle of the bill and in what it seeks to accomplish in the development of a strong merchant marine. I believe that American bottoms should carry a fair share of the commerce which is originated with public dollars. However, as the senior Senator from Maryland well knows, my fear was that in supplying arms to various allies around the world the bill might be interpreted as requiring the transportation in American bottoms of 50 percent of such arms in transshipment to the trouble spots of the world, which might require gun running on the part of our merchant marine in very dangerous spots, or might throw an unusual burden on our taxpayers, because, for example, France might find it necessary to divert to Indochina arms which we had supplied her under mutual security pacts.

Mr. BUTLER of Maryland. First, let me say that I appreciate the concern of the Senator from Oklahoma, but there is nothing in the bill which would require any country which receives aid from America to transship such materials in American bottoms.

Mr. MONRONEY. If we consider shipment to the original destination as being the first shipment, subsequent transshipments to points of hostility or danger would not necessarily bring into operation the proposed law.

Mr. BUTLER of Maryland. That is correct. It is not the purpose of the bill and it does not extend to any transshipments of material.

Mr. MONRONEY. I appreciate the Senator's statement. It relieves a great many of the fears which I have entertained.

There is a hypothetical question which continues to arise in my mind. For example, suppose we were to give to France 100 combat pursuit planes. Obviously it would be more economical for France to pick the planes up with an aircraft carrier or other vessel and transport them, assembled, in her own bottoms and with her fighting ships, to Indochina or other trouble spots in the world. As I understood the explanation of the senior Senator from Maryland in committee, that could still be done under the provisions of the bill.

Mr. BUTLER of Maryland. It could be done under two provisions of the bill. First, the bill requires that only 50 percent of the cargoes referred to be shipped in American bottoms, so the aircraft the Senator speaks of could be allocated to the 50 percent which need not be shipped in American bottoms.

And second, if at any time the Congress were to declare an emergency, or if there should be a declaration of war

or if the President or the Secretary of Defense should declare an emergency the provisions of the bill could be waived. The bill allows a certain degree of flexibility and in such case all cargoes could be taken out from under its coverage.

Mr. MONRONEY. I would feel far more comfortable if the bill were written so that it would exempt supplies shipped under Presidential directive in case of emergencies which may not be considered serious enough to justify the declaration of a nationwide emergency.

I am in sympathy with the furnishing of peacetime supplies, such as foodstuffs and other things, and of requiring that 50 percent of such supplies be shipped in American bottoms. However, the time might come when our national interest in getting arms into the hands of our allies might be very great, but we might find that the requirement of shipment in American vessels would mean the difference between our allies accepting such shipments and rejecting them.

Mr. BUTLER of Maryland. I invite the Senator's attention to the language of the bill beginning in line 5 on page 3, reading as follows:

*Provided, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies.*

Let me make one point clear. I do not wish to make legislative history in connection with the bill which will water down its provisions to the extent of allowing the various agencies, under a pretext, to get out from under its plain and clear provisions.

We have put in the bill provisions flexible enough to take care of all the fears which the Senator now entertains. Certainly the Congress, the President, or the Secretary of Defense could, by the declaration of an emergency, see to it that cargoes which are needed to defend ourselves and our allies would not be interfered with but such proviso is not intended to interfere in its normal operation.

Mr. MONRONEY. Mr. President, will the Senator yield for one further question?

Mr. BUTLER of Maryland. I yield.

Mr. MONRONEY. Could such action be taken by the Secretary of Defense and/or the President, without the enactment of Congress of any measure declaring an emergency to exist?

Mr. BUTLER of Maryland. I think the wording of the bill is plain. It could be done by the Congress, by the President, or by the Secretary of Defense.

Mr. MONRONEY. And any of the three departments would have the right, in case of emergency, to waive the 50 percent requirement in the event such department declared a national emergency to exist?

Mr. BUTLER of Maryland. That is correct. The essence of the bill, I may say to the Senator from Oklahoma, is that the appropriate agency or agencies shall take such steps as may be reasonable and practicable to assure that at

least 50 percent of the gross tonnage of the equipment, material, and so forth, referred to in the bill is carried in American-flag ships, but the provisions of the bill are not so stringent as to prevent the Congress, the President, or the Secretary of State from waiving such requirements if an emergency should require it.

Mr. MONRONEY. I will say to the Senator from Maryland that that answers most of the fears I have entertained regarding military exigencies.

Mr. BUTLER of Maryland. Since representatives of the Department of Defense and the FAO appeared before our committee we have made changes in the bill which, I believe, meet in large part all of the opposition to the bill raised by such agencies. I believe that the bill, as it is now written, is for all practicable purposes acceptable to those departments.

#### CHAIRMANSHIP OF COMMITTEE ON GOVERNMENT OPERATIONS

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. BUTLER of Maryland. I yield.

Mr. KNOWLAND. Mr. President, I should like to ask the distinguished Senator from Vermont [Mr. FLANDERS] if he does not believe that, in the orderly procedures of the Senate, it might be well, if the Senator were so inclined, to have the motion which he entered last Friday, which was later reduced to writing in the form of a resolution, referred to the Committee on Rules and Administration. I refer to Senate Resolution 261.

Mr. FLANDERS. I will say to the distinguished majority leader that it is perfectly acceptable to me that that should be done, or that it should be handled in any other regular way.

However, I am concerned, as I am sure he knows, with two factors relating to the timing of the motion. One is that it shall not be delayed so long that it will not be possible to bring it before the Senate for consideration before adjournment, with a reasonable time for discussion.

The other is that I think it is only fair to the junior Senator from Wisconsin that he have time to clear himself of what I conceive to be the position of contempt in which he now finds himself.

The two considerations would lead me to say that the matter should come before the Senate not later than the middle of July. In the event that there were a delay in the consideration of the motion in committee and in reporting it favorably or unfavorably, I would feel it necessary to enter a substitute motion in the Senate at about the time specified.

In addition I may say that not only could the time be usefully spent by the Senator from Wisconsin in purging himself of the contempt in which he appears to hold the Senate, but also that time might well be spent by the people of the United States in giving some thought to the question of whether a fifth-amend-

ment Communist can, under any circumstances, in any conceivable way, by any conceivable person, find its parallel in a fifth-amendment Senator.

Mr. MORSE. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield.

Mr. MORSE. The Senator states that he believes action ought to be taken not later than the 15th day of July. Does he believe that action ought to be taken earlier if, before the 15th day of July, a request is made to the Senate for more funds with which to carry on investigations by this particular committee?

Mr. FLANDERS. I know what my action would be in that case. It would be most unfavorable. I shall be prepared to speak on that subject.

Mr. MORSE. Does the Senator mean that if a request for more funds for investigations is made by the committee before July 15, the Senator would then move his substitute motion?

Mr. FLANDERS. I think I would speak to the motion with respect to funds at that time, but I would adduce the same arguments that I would to my original motion.

Mr. MORSE. I wish to say that I think we ought to get the matter behind us. I believe we ought to hear the pros and cons on the Senator's motion before we are asked for any new funds by this committee, because it may be that the whole jurisdiction of the committee ought to be transferred to some other committee. I say that because the Senate certainly has established the precedent that it has the right to elect to committees whomsoever it pleases. Having the right to so elect, I believe the Senate also has the right to remove from committees whomsoever it pleases. It also has the right, I may respectfully say, to transfer the jurisdiction of committees. I am not so sure but that we are not confronted with a situation in which, in connection with the Senator's motion, we ought to raise the whole question of whether the jurisdiction of the Committee on Government Operations—which does not seem to be a very happy family these days—ought to be transferred to other committees for the good of the objectives of fair investigations.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. FLANDERS. I should like to reply first to the Senator from Oregon. I am inclined by nature to stick to simple things. It seems to me that we have two questions raised here. One is the question of funds, and the other is the question of the consideration of the motion. Personally I do not want to consider more than one question at a time. When the request for funds comes to the Senate, the Senator from Oregon may depend on it that I will give it very deep and thorough consideration.

Mr. MONRONEY and Mr. MORSE addressed the Chair.

The VICE PRESIDENT. Does the Senator yield; if so, to whom?

Mr. FLANDERS. Perhaps if the Senator from Oklahoma will be patient I shall yield again to the Senator from Oregon.

Mr. BUTLER of Maryland. Mr. President, I believe I have the floor.

Mr. FLANDERS. Will the Senator from Maryland yield for a unanimous-consent request?

Mr. BUTLER of Maryland. Mr. President, I yield the floor.

Mr. MORSE. Mr. President, I wish to say to my friend from Vermont that I am very much interested in his apparent definition of simplicity. I do not consider his original motion very simple. I believe we ought to go into it in great detail. In respect to the question of the committee asking for more funds I do not see how we can take action on a request for more funds and still have the Senator's motion pending. I believe the two questions must be considered at the same time.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. KNOWLAND. I believe I am correct in saying that of the funds that were provided for the committee approximately \$130,000 remains. I doubt if the committee will come before the Senate with a request for additional funds. However, if the committee should come to the Senate with such a request no Senator would be foreclosed from making such statement or taking such position at that time as he might deem advisable in the premises.

Mr. FLANDERS. I may say to the Senator from California that I am glad to get that information. He was able to get it, and I was unable to get it, being a simple Senator.

Mr. MONRONEY. Mr. President, will the Senator from Vermont yield for a parliamentary inquiry?

Mr. FLANDERS. I yield.

Mr. MONRONEY. I should like to address a parliamentary inquiry to the President of the Senate. As I understand the situation, the motion of the distinguished Senator from Vermont, as it now stands before the Senate, lying upon the table, may be called up at any time by any Senator, and by a majority vote of the Senate brought to the floor of the Senate without reference to any committee. Is that a correct interpretation of the parliamentary situation?

The VICE PRESIDENT. The Senator from Oklahoma is correct in stating the parliamentary situation.

Mr. MONRONEY. If the resolution is now referred to the Committee on Rules and Administration, as has been requested by the majority leader, the resolution will be left in the Committee on Rules and Administration and will not come before the Senate unless it is favorably reported by a majority of the members of the Committee on Rules and Administration. Is that a correct statement?

Mr. KNOWLAND. Mr. President, if the Senator from Vermont will yield to me, I do not believe that is the parliamentary situation exactly, because the Committee on Rules and Administration would be subject to a motion to discharge it from further consideration of the resolution.

Mr. MONRONEY. I was coming to that part of my question.

Mr. KNOWLAND. Or the resolution could be unfavorably reported, or a new motion could be entered at some future date. Therefore the rights of the distinguished Senator from Vermont will not be foreclosed in any one of several courses of action that he may deem advisable to take.

Mr. MONRONEY. Mr. President, will the Senator yield further?

Mr. FLANDERS. I yield.

Mr. MONRONEY. The third point of my parliamentary inquiry is along the line just mentioned by the distinguished majority leader. In order to discharge the Committee on Rules and Administration, if it failed to report the resolution by the 15th day of July, which is the deadline assumed by the Senator from Vermont—

Mr. MORSE. The target date.

Mr. MONRONEY. The target date. The process by which the resolution could be brought to the floor would be to move, on any day during the morning hour, to discharge of the Committee on Rules and Administration from the further consideration of the resolution, and, if that motion were agreed to the resolution would lie on the table for one legislative day, which could mean 10 or 12 or 30 days, if the Senate did not adjourn, but recessed from day to day.

I am wondering, if the distinguished Senator from Vermont permits the resolution to be referred to the Committee on Rules and Administration, instead of leaving it on the table, whether a substitute motion could be made to accomplish the same end which would be accomplished by the original motion which the Senator from Vermont submitted a few days ago, and whether such a substitute motion could reach the Senate de novo and be brought directly to the Senate floor by a majority vote of the Senate.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. KNOWLAND. In answer to a part of the question of the Senator from Oklahoma; let me say that he is familiar with the fact that a majority of the Senate can determine whether the Senate shall take a recess or an adjournment, and even though the majority leader, whoever he may be, should, for the purpose of preventing action being taken, move from day to day to recess rather to adjourn, a motion could be made to adjourn the Senate, so that the possibility which the Senator mentions could not take place if a majority of the Senate determined otherwise.

Mr. MONRONEY. That would mean, however, overturning the majority leadership.

Mr. KNOWLAND. The majority leader has been overturned before.

Mr. MONRONEY. On very few occasions.

Mr. FLANDERS. Mr. President, I should like to make a parliamentary inquiry which relates to the third question raised by the Senator from Oklahoma. I had been assuming that I could make the motion de novo, perhaps changing the punctuation or changing a word here and there, so as to retain

adequately reflected farmer thinking. For example, we find that—

(1) In 1941, a survey conducted by the USDA of voting in 12 representative counties indicated that only 25 percent of those eligible to vote actually did so.

(2) The National Farmers Union in 1946 adopted a resolution recommending that elections be void unless at least 50 percent of the eligible voters in the community participated.

(3) In a 1947 appearance before the House Committee on Agriculture, Albert Goss, then grand master of the National Grange, observed that—

Just a few vote. Many times 15 or 20 or even 10. \* \* \* Those elections out in the township just do not express the sentiments of the farmers.

(4) Even the Department of Agriculture under Secretary Brannan was disturbed by the lack of extensive farmer participation in elections. In 1948, Elmer Kruse, then manager, Commodity Credit Corporation, in an address to a conference of State and county committeemen, said:

Is farmer thinking being reflected adequately in the administration of the price-support program, especially with regard to local administration \* \* \*? I can tell you that it is a question that has been receiving very careful consideration \* \* \*, nothing is gained \* \* \* by assuming that operations, because they have always been handled a certain way, must continue to be handled that way. \* \* \* I would like to suggest that you give particular consideration to the matter of bringing about greater farmer participation.

(b) This lack of interest has resulted in prolonged tenure of county committeemen. In light of this fact it is the consensus of opinion that a limitation on the number of consecutive terms a farmer can serve as a committeeman, coupled with the action taken a year ago to standardize the structure of the committee system, will promote the following desirable results:

(1) Encourage greater farmer participation in community elections, so that elections will more nearly reflect farmer thinking.

(2) Encourage greater numbers of farmers to seek and hold office as community and county committeemen. This would without a doubt permit the USDA to make better and more extensive use of farmer experience and ability.

Second. It is, however, deemed desirable to provide for the possible retention of one experienced county committeeman, should the delegates to the county convention deem it wise to elect a committeeman for four consecutive terms.

C. PROHIBIT A PERSON WHO IS A PRESIDENT, VICE PRESIDENT, TREASURER, OR SECRETARY OF A COUNTY, STATE, OR NATIONAL UNIT OF ANY GENERAL FARM ORGANIZATION FROM ALSO SERVING AS A MEMBER OF A COUNTY COMMITTEE (SEC. 7.15 (G))

First. Why the prohibition:

(a) To prevent in any county the possible domination and utilization of a public agency by a private agricultural organization.

(b) The law directs the Secretary to utilize county and local committees in the administration of many USDA programs. This provision was adopted to

insure that the farm program would be run by farmers, elected by farmers.

D. PROHIBIT A COUNTY COMMITTEEMAN FROM ALSO SERVING AS A SALES AGENT OR EMPLOYEE OF THE FEDERAL CROP INSURANCE CORPORATION (SEC. 7.15 (H))

First. Why the prohibition:

(a) The county committees have had the very difficult task of administering in the field the programs of three USDA agencies: (1) The price support, sugar, acreage allotment, and marketing quota programs for the Commodity Stabilization Service; (2) the agricultural conservation program for the Agricultural Conservation Program Service; (3) the sales and servicing of FCIC contracts at the county level has been performed almost entirely by county committeemen.

(b) It is deemed desirable, therefore, in the interest of better and more efficient administration of all programs to limit county committeemen's responsibilities to those programs for which they were elected by their fellow farmers to supervise and direct.

E. PROHIBIT A COUNTY COMMITTEEMAN FROM ALSO SERVING AS A MARKETING QUOTA REVIEW COMMITTEEMAN (SEC. 7.15 (I))

First. Why the prohibition:

(a) Impartial and independent review of administrative action is simply not possible under a system whereby a farmer's appeal is to a review committee whose members also serve as part of the structure which determine marketing quotas even though this be in other counties.

(b) There have been over 700 cases involving court action since 1938 with respect to marketing quotas. Farmers should be able to get an impartial administrative review of their quota without having to resort to a legal remedy in order to get what they deem to be an impartial review of their quota. Frequent resort to the courts is evidence that the administrative structure is less responsive than it should be to the needs of its clientele. This is important since the USDA prides itself on being a service department.

F. PROHIBIT A COUNTY COMMITTEEMAN FROM ALSO SERVING AS AN EMPLOYEE OF HIS OWN COUNTY OFFICE (SEC. 7.17 (A) (5))

First. Why the prohibition:

(a) As I already have mentioned, grassroots experience in 87 percent of our counties has indicated that better administration results if the policy-forming function is vested in the county committee and the policy-executing function is delegated to a full-time office manager, hired by and responsible to the committee. That is if the committee serves as a board of directors, so to speak, and hires a general manager to handle the day-to-day administrative detail.

(b) If county committeemen are permitted to serve as paid employees of their own offices it would be possible to expect an office manager to assume the responsibility for doing a good job when he must direct committeemen as employees who, in another capacity, not only determine the policies he must execute, but who also hire him.

In addition to these major changes, several minor revisions have been made

to prevent manipulation of county and community committees by political organizations:

A. Section 7.30 (a) provides that any county and community committeeman, delegate, and community election board member who becomes ineligible for office or who fails to perform the duties of his office, or who is incompetent, or who commits fraud, can be removed only by a majority vote of the State Committee. Heretofore, the regulations did not require a majority vote in order to effectuate removal.

B. Section 7.32 provides that any county office employee may be removed by the State committee only in cases where the county committees fail to act promptly and when the conduct of such person adversely affects the administration of the programs, and then only by a majority vote of the State Committee. Heretofore, the regulations did not require a majority vote in order to effectuate removal.

C. Section 7.33 provides that any county or community committeeman, community election board member who is removed from office shall have the right of appeal not only to the State Committee but also to the Deputy Administrator for Production Adjustment, Commodity Stabilization Service if he deems it desirable. Heretofore, the regulations have not provided for an appeal beyond the State Committee. This is in keeping with sound principles of personnel management which hold that an employee should have an appeal to someone above his immediate superior.

#### TRANSPORTATION OF WATER-BORNE CARGOES

The Senate resumed the consideration of the bill (S. 3233) to amend the Merchant Marine Act, of 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

Mr. BRICKER. Mr. President, we are now ready to vote on Senate bill 3233, as I understand.

Mr. BUTLER of Maryland. Mr. President, will the Senator yield?

Mr. BRICKER. I yield to the Senator from Maryland.

Mr. BUTLER of Maryland. There are certain committee amendments, which I ask to have stated.

The VICE PRESIDENT. The clerk will state the committee amendments.

The first amendment of the committee on Interstate and Foreign Commerce was on page 1, line 9, after the word "nation", to insert "without provision for reimbursement."

The amendment was agreed to.

The next amendment was, on page 2, line 4, after the word "commodities", to insert "the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that."

The amendment was agreed to.

The next amendment was, on page 2, at the beginning of line 12, to strike out "fair and reasonable" and insert "market."

Mr. BUTLER of Maryland. Mr. President, objection has been raised to that amendment, and I am willing, as heretofore stated, that the amendment not be agreed to.

Mr. BRICKER. It is not a committee amendment?

Mr. BUTLER of Maryland. Yes, it is a committee amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 2, line 12.

The amendment was rejected.

The next amendment was, on page 2, line 12, after the word "for", to strike out "the movement in."

The amendment was agreed to.

The next amendment was, on page 2, in line 13, after "United States-flag", to insert "commercial."

The amendment was agreed to.

The next amendment was, on page 2, in line 15, after the word "in", to insert "such."

The amendment was agreed to.

The next amendment was on page 2, beginning in line 16, to strike out "Provided, That unless the Secretary of Commerce after public hearing finds and certifies to the proper Government agency that the foreign commerce of the United States will be promoted, or that privately owned United States flag commercial vessels are not available in sufficient numbers or in sufficient tonnage capacity, or at the aforesaid reasonable rates, such equipment, materials, or commodities shall be transported exclusively on privately owned United States flag commercial vessels: *Provided further*, That foreign-flag ships not register under the flag of the consignor or consignee nation may participate in the carriage of such equipment, materials, or commodities only to the extent that such nation does not have ships of its own registry available in sufficient numbers or in sufficient tonnage capacity" and insert "Provided, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies."

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments. The bill is open to further amendment.

If there are no further amendments to be offered, the question is on the engrossment and third reading of the bill.

The bill (S. 3233) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That section 901 of the Merchant Marine Act, 1936, as amended, is hereby amended by inserting "(a)" after "Sec. 901." and by adding at the end of the section the following new subsection:

"(b) whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 percent of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at market rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: *Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies. Nothing herein shall repeal or otherwise modify the provisions of Public Resolution No. 17, 73d Congress (48 Stat. 500), as amended."

#### DEPARTMENT OF DEFENSE APPROPRIATIONS, 1955

Mr. BRICKER. Mr. President, I move that the Senate proceed to the consideration of H. R. 8873, the Department of Defense appropriation bill for 1955.

The PRESIDING OFFICER (Mr. BUTLER of Maryland in the chair). The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 8873), making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

#### NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT TO DEPARTMENT OF DEFENSE APPROPRIATION BILL

Mr. WILLIAMS. Mr. President, in accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 8873), making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, the following amendment, namely:

At the appropriate place in this act, insert the following: "None of the funds appropriated in this act shall be used except that, so far as practicable, all contracts shall be awarded on a competitive basis to the lowest responsible bidder."

Mr. WILLIAMS also submitted an amendment intended to be proposed by him to House bill 8873, making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment, see the foregoing notice.)

#### RECESS

Mr. BRICKER. Mr. President, I move that the Senate stand in recess until tomorrow, at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, June 16, 1954, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate June 15 (legislative day of June 11), 1954:

##### DEPARTMENT OF STATE

Charles E. Saltzman, of New York, to be Under Secretary of State for Administration, vice Donald B. Lourie, resigned.

##### INTERSTATE COMMERCE COMMISSION

John H. Winchell, of Colorado, to be an Interstate Commerce Commissioner for the remainder of the term expiring December 31, 1960.





83<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3233

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IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1954

Referred to the Committee on Merchant Marine and Fisheries

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## AN ACT

To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 901 of the Merchant Marine Act, 1936, as  
4       amended, is hereby amended by inserting “(a)” after “SEC.  
5       901.” and by adding at the end of the section the following  
6       new subsection:

7       “(b) whenever the United States shall procure, contract  
8       for, or otherwise obtain for its own account, or shall furnish  
9       to or for the account of any foreign nation without provision  
10      for reimbursement, any equipment, materials, or commodi-

1 ties, within or without the United States, or shall advance  
2 funds or credits or guarantee the convertibility of foreign  
3 currencies in connection with the furnishing of such equip-  
4 ment, materials, or commodities, the appropriate agency or  
5 agencies shall take such steps as may be necessary and prac-  
6 ticable to assure that at least 50 per centum of the gross  
7 tonnage of such equipment, materials, or commodities (com-  
8 puted separately for dry bulk carriers, dry cargo liners, and  
9 tankers), which may be transported on ocean vessels shall  
10 be transported on privately owned United States-flag com-  
11 mercial vessels, to the extent such vessels are available at  
12 fair and reasonable rates for United States-flag commercial  
13 vessels, in such manner as will insure a fair and reasonable  
14 participation of United States-flag commercial vessels in such  
15 cargoes by geographic areas: *Provided*, That the provisions  
16 of this subsection may be waived whenever the Congress by  
17 concurrent resolution or otherwise, or the President of the  
18 United States or the Secretary of Defense declares that an  
19 emergency exists justifying a temporary waiver of the pro-  
20 visions of section 901 (b) and so notifies the appropriate  
21 agency or agencies. Nothing herein shall repeal or other-

1 wise modify the provisions of Public Resolution Numbered  
2 17, Seventy-third Congress (48 Stat. 500), as amended.”

Passed the Senate June 15 (legislative day, June 11),  
1954.

Attest:

J. MARK TRICE,

*Secretary.*

83<sup>d</sup> CONGRESS  
2<sup>d</sup> SESSION

**S. 3233**

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## **AN ACT**

---

To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of water-borne cargoes in United States-flag vessels.

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JUNE 16, 1954

Referred to the Committee on Merchant Marine and  
Fisheries





# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 21, 1954  
For actions of July 20, 1954  
83rd-2nd, No. 136

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HIGHLIGHTS: House agreed to conference report on housing bill, including rural provisions. House received conference report on watershed bill. House debated supplemental appropriation bill. House committee ordered reported bill to authorize Interior loans to reclamation projects. Rep. Scudder commended Secretary's recommendations for farm program. Senate committee reported bills to authorize motor vehicle pools and travel for employees returning to continental U.S.

## HOUSE

1. HOUSING LOANS. By a vote of 358 to 30, agreed to the conference report on H. R. 7839, the housing bill, which includes a provision continuing the rural housing program administered by this Department (pp. 10513-24). The report had been submitted July 20.
2. SOIL CONSERVATION. Received the conference report on H. R. 6788, the watershed development bill (pp. 10499-501).
3. SUPPLEMENTAL APPROPRIATION BILL, 1955. Continued debate on H. R. 9936, but made no changes in the agricultural items (pp. 10512, 10524-47).
4. RECLAMATION LOANS. The Interior and Insular Affairs Committee ordered reported H. R. 5301, to authorize the Interior Department to make loans for reclamation projects (p. D868).
5. TRANSPORTATION. The Merchant Marine and Fisheries Committee reported with amendment S. 3233, to provide permanent legislation for transportation of a substantial portion of water-borne cargoes in U. S.-flag vessels (H. Rept. 2329)(p. 10555).

6. PATENTS. The Judiciary Committee reported with amendment H. R. 3534, to authorize extension of patents covering inventions whose practice was prevented or curtailed because the patent owner was in the armed forces or because of production controls (H. Rept. 2347)(p. 10556).
7. WATER COMPACT. The Interior and Insular Affairs Committee reported without amendment S. 3699 and H. R. 9679, consenting to a Tex.-La. compact for division of the Sabine River waters (H. Repts. 2317, 2321)(p. 10555).
8. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 7785, to make permanent the increases in regular civil-service annuities provided by the act of 1952 (H. Rept. 2318)(p. 10555).  
This Committee reported without amendment H. R. 5718, to limit the period for collection by the U. S. of compensation received by Federal employees in violation of the dual compensation laws (H. Rept. 2334)(p. 10555).
9. CREDIT UNIONS. The D. C. Committee reported with amendment S. 3683, to transfer supervision of D. C. credit unions to HEW from Treasury (H. Rept. 2333)(p. 10555).
10. DROUGHT RELIEF; FLOOD PREVENTION. Rep. Miller, Kans., inserted a farmer's letter describing flood-prevention work on his farm, and requested a cattle-buying program for drought relief (pp. 10549-50).

The House Agriculture Committee, on July 16, adopted the following resolution:

"Within the past several days there has come to the attention of the Committee an increasing number of reports of serious drought conditions in many parts of the United States. It is the Committee's information that conditions have already reached the point in some parts of the country where production of crops is being seriously threatened and the ability of livestock producers to maintain their flocks and herds is being impaired.

"In view of this situation the Committee urges that the Secretary of Agriculture use to the fullest extent the authority and funds available to him for combatting or alleviating the results of the drought as soon as conditions in the various affected areas warrant action on the part of the Federal Government.

"The Committee respectfully suggests, in view of the fact that Congress will soon adjourn, that the Secretary review the authority and the funds now available to him for meeting drought and other emergency conditions in the agriculture of the Nation and report to the Committee at the earliest possible moment any additional authority or funds which he believes he may require in order to meet as effectively as possible any need which may arise for action on the part of the Federal Government."

#### SENATE

11. ATOMIC ENERGY. Continued debate on S. 3690, to amend the Atomic Energy Act (pp. 10584-96, 10601-29). Mose of the debate related to the TVA. Sen. Langer spoke against the President's proposal to contract with private utilities and stated that "the most harmful effect of the... deal will be its ultimate effect on the REA cooperatives and, through them, on the farmers of the valley" (pp. 10585-590). Sen. Johnston stated that farmers of his State need money now as a result of reduced acreage production and that he does not want "to see the electric bills for industrial power in the Southeast go up" (p. 10628).

AMENDING THE MERCHANT MARINE ACT, 1936, TO PROVIDE  
PERMANENT LEGISLATION FOR THE TRANSPORTATION OF A  
SUBSTANTIAL PORTION OF WATERBORNE CARGOES IN UNITED  
STATES-FLAG VESSELS

JULY 20, 1954.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

Mr. TOLLEFSON, from the Committee on Merchant Marine and  
Fisheries, submitted the following

## REPORT

[To accompany S. 3233]

The Committee on Merchant Marine and Fisheries, to whom was  
referred the bill (S. 3233) to amend the Merchant Marine Act, 1936,  
to provide permanent legislation for the transportation of a substantial  
portion of waterborne cargoes in United States-flag vessels, having  
considered the same, report favorably thereon with amendment and  
recommend that the bill do pass.

The amendment is as follows:

On page 2, line 21, after the word "agencies" and before the period,  
insert a colon and the following:

*And provided further,* That the provisions of this subsection shall not apply to  
cargoes carried in the vessels of the Panama Canal Company

The purpose of the bill is to implement the policy established in the  
Merchant Marine Act, 1936, that the United States should have a  
merchant marine sufficient to carry a substantial portion of its water-  
borne export and import foreign commerce. The higher American  
standard of living with the resultant higher operating costs to the  
American shipowner has made competition with low-cost foreign  
ships difficult, with the result that the proportion of cargoes carried  
in American bottoms has been constantly declining. From time to  
time there has been inserted in various foreign-aid bills a provision  
that at least half of the shipments be made in American-flag ships.  
The present bill serves to establish that principle on a permanent  
basis.

The bill applies in four kinds of situations: (1) Where the United  
States procures, contracts, or otherwise obtains for its own account

equipment, materials, or commodities; (2) furnishes equipment, materials, or commodities to or for the account of any foreign nation without provision for reimbursement; (3) advances funds or credits; or (4) guarantees the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities. It has no application to purely commercial transactions where a broker or exporter sells to a firm abroad without the participation of the United States Government.

However, the need for some flexibility was recognized in extraordinary situations, for which reason the bill incorporates the provision that in an emergency, the Congress by concurrent resolution or the President or Secretary of Defense may waive its provisions.

The committee inserted an amendment to the bill as passed by the Senate to exclude the operations of the Panama Canal Company from its provisions. That Company operates three Government-owned ships between New York and the Canal Zone and serves primarily the needs of the Panama Canal and its workers. It was the belief of the committee that no restriction should be placed on this service.

THE SECRETARY OF COMMERCE,  
Washington 25, June 18, 1954.

HON. ALVIN F. WEICHEL,  
*Chairman, Committee on Merchant Marine and Fisheries,  
House of Representatives, Washington 25, D. C.*

DEAR MR. CHAIRMAN: This letter is in reply to your request dated April 5, 1954, for the views of this Department with respect to H. R. 8659, a bill to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

The bill would require that at least 50 percent of the cargo it covers be transported in privately owned United States flag commercial vessels to the extent such vessels are available at reasonable rates.

The bill covers transportation on ocean vessels of all movable property which the United States procures or obtains for its own account, or furnishes to any foreign nation, or in connection with the furnishing of which it advances funds or credits, or guarantees the convertibility of foreign currencies.

The bill's 50 percent minimum participation provision has two provisos:

The first proviso is that 100 percent of the covered cargoes shall be transported in privately owned United States flag commercial vessels unless the Secretary of Commerce, after holding public hearings, finds either that the United States foreign commerce will be promoted by not requiring this, or that such vessels are not available in sufficient numbers or at reasonable rates to carry 100 percent of such cargoes. If either of these findings is made, the bill's 50 percent minimum participation provision would apply.

The second proviso is that third country flag vessels may share in the covered cargoes only to the extent that the consignor and consignee nations' flag vessels are not available in sufficient numbers or tonnage.

The bill states that it would not repeal Public Resolution 17, 73d Congress, which directs that cargoes paid for by loans made by the United States shall be transported in American-flag vessels.

There are in existence a number of statutes which require at least 50 percent participation by the United States merchant marine in certain cargoes, such as for the foreign economic and military aid programs, and the bill apparently would supersede these statutes. The bill would also seem to supersede the act of April 28, 1904, requiring that Army and Navy supplies be transported in vessels of the United States or belonging to the United States, insofar as the bill would require transportation of supplies procured by the Army and Navy to be carried in privately owned United States flag commercial vessels.

The bill is not clear as to who is to determine, for purposes of the 50 percent minimum participation provision, whether United States flag commercial vessels are available and whether their rates are reasonable.

The bill does not specify how or on what basis the determinations by the Secretary of Commerce under the 100 percent provisos are to be made. Several methods of applications are possible, but none is clearly indicated.

The President in his message transmitting recommendations concerning the foreign economic policy of the United States (H. Doc. 360, 83d Cong.), March 30, 1954, stated with respect to our ocean shipping, that we must have a merchant marine adequate to our defense requirements. Referring to the principle of supporting the merchant fleet by direct means to the greatest possible extent he said that the policy requires "a careful analysis of the means available for providing direct support, its possible effects on foreign-flag carryings, and its total cost before a specific program can be recommended."

The President subsequently requested the Department of Commerce to study the extent to which direct means can be utilized to maintain an adequate merchant marine. The Secretary of Commerce is undertaking such a study in cooperation with the Maritime Administration, and has indicated that at least 6 months will be required for completion of the study.

Pending the conclusion of the study, the Department is not in a position to recommend any changes in existing law dealing with the transportation of water-borne cargoes in United States-flag vessels. However, the Department will continue to recommend that foreign military and economic aid legislation contain cargo preference provisions until it is determined whether some other form of aid should be substituted therefor.

Insofar as the carriage of Army, Navy, and Air Force supplies is concerned, the Department of Commerce believes that privately owned American-flag vessels should be utilized to the greatest possible extent. Merchant-type vessels should be operated by Government agencies for the transportation of such supplies only when necessary to meet essential military requirements involving security factors or other special transportation services which cannot be performed by the privately owned and operated merchant fleet. However, the problem involved in defining the respective areas of Government and private operations is most complex and flexibility is essential. This can better be achieved through administrative rather than legislative measures.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

If we can be of further assistance to you in this matter, please call on us.

Sincerely yours,

SINCLAIR WEEKS, *Secretary of Commerce.*

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as referred to your committee, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

#### MERCHANT MARINE ACT, 1936, AS AMENDED

\* \* \* \* \*

SEC. 901. (a) Any officer or employee of the United States traveling on official business overseas or to or from any of the possessions of the United States shall travel and transport his personal effects on ships registered under the laws of the United States where such ships are available unless the necessity of his mission requires the use of a ship under a foreign flag: *Provided*, That the Comptroller General of the United States shall not credit any allowance for travel or shipping expenses incurred on a foreign ship in the absence of satisfactory proof of the necessity therefor.

(b) *Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the*

*extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: Provided, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies. Nothing herein shall repeal or otherwise modify the provisions of Public Resolution Numbered 17, Seventy-third Congress (48 Stat. 500), as amended.*

○

83<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 3233**

[Report No. 2329]

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IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1954

Referred to the Committee on Merchant Marine and Fisheries

JULY 20, 1954

Reported with an amendment, committed to the Committee of the Whole House  
on the State of the Union, and ordered to be printed

[Insert the part printed in italic]

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**AN ACT**

To amend the Merchant Marine Act, 1936, to provide permanent  
legislation for the transportation of a substantial portion of  
waterborne cargoes in United States-flag vessels.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 901 of the Merchant Marine Act, 1936, as  
4       amended, is hereby amended by inserting “(a)” after “SEC.  
5       901.” and by adding at the end of the section the following  
6       new subsection:

7       “(b) whenever the United States shall procure, contract  
8       for, or otherwise obtain for its own account, or shall furnish  
9       to or for the account of any foreign nation without provision  
10      for reimbursement, any equipment, materials, or commodi-

ties, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: *Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies: *And provided further*, That the provisions of this subsection shall not apply to cargoes carried in the vessels of the Panama Canal Company. Nothing herein

1 shall repeal or otherwise modify the provisions of Public  
2 Resolution Numbered 17, Seventy-third Congress (48 Stat.  
3 500), as amended.”

Passed the Senate June 15 (legislative day, June 11),  
1954.

Attest:

J. MARK TRICE,

*Secretary.*

83<sup>d</sup> CONGRESS  
2<sup>d</sup> Session

**S. 3233**

[Report No. 2329]

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## AN ACT

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To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

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JUNE 16, 1954

Referred to the Committee on Merchant Marine and Fisheries

JULY 20, 1954

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed





S. 3429. An act to authorize the assessment of costs and reasonable attorneys' fees against the United States in certain appellate proceedings;

S. 3436. An act for the relief of Laurie Dea Holley and the legal guardian of Karmen Lael Holley, minor child;

S. 3485. An act for the relief of Liselotta Kunze;

S. 3494. An act for the relief of the Central Railroad Company of New Jersey;

S. 3562. An act for the relief of McMahon Co., Inc.;

S. 3569. An act for the relief of Mrs. Lisa Lear;

S. 3577. An act for the relief of Milos Knezevich;

S. 3582. An act for the relief of Col. David W. Stonecliffe;

S. 3585. An act to amend the Strategic and Critical Materials Stockpiling Act (60 Stat. 596);

S. 3586. An act for the relief of Mrs. Hildegarde Simon Walley;

S. 3595. An act to direct the Secretary of the Army to convey certain property located in El Paso, Tex., and described as part of Fort Bliss, to the State of Texas;

S. 3598. An act for the relief of Elonore Schmucker and her child;

S. 3622. An act to provide for the preparation of plans and specifications for a museum building for the Smithsonian Institution;

S. 3625. An act for the relief of Mrs. Juana Padilla de Caballero (Mrs. Juana Padilla de Ontiveros);

S. 3627. An act to amend the Civil Service Retirement Act, as amended;

S. 3628. An act to amend Public Law 815, 81st Congress, in order to extend for 3 additional years the program of assistance for school construction under title III of that act;

S. 3629. An act to postpone the effective date of the 3-percent absorption requirement in Public Law 874, 81st Congress, for 1 year;

S. 3652. An act for the relief of Francis Timothy Mary Hodgson (formerly Victor Charles Joyce);

S. 3666. An act for the relief of Mary Palanuk;

S. 3688. An act for the relief of Helga Scharf Coulson;

S. 3689. An act for the relief of Gisela Nagel (nee Mairreder);

S. 3712. An act to authorize the Commander, Air University, to confer appropriate degrees upon persons who meet all requirements for those degrees in the Resident College of the United States Air Force Institute of Technology;

S. 3744. An act to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake;

S. 3750. An act to direct the Secretary of the Air Force or his designee to convey certain property located in proximity to San Antonio, Bexar County, Tex., to the State of Texas;

S. 3756. An act for the relief of Howard Carl Kaiser;

S. 3773. An act to authorize reciprocal fire protection agreements between departments and agencies of the United States and public or private organizations engaged in fire-fighting activities, and for other purposes;

S. 3774. An act to extend the benefits of the Watershed Protection and Flood Prevention Act to Alaska, Hawaii, Puerto Rico, and the Virgin Islands;

S. 3800. An act to amend section 6 of the act of August 30, 1890, as amended, and section 2 of the act of February 2, 1903, as amended;

S. 3816. An act to authorize the replacement of certain Government-owned utility facilities at Glacier National Park, Mont., and Grand Canyon National Park, Ariz.;

S. 3822. An act to authorize the conveyance to the State of Texas of approximately 9 acres of land in Houston, Tex., to be used for National Guard purposes;

S. J. Res. 183. Joint resolution to extend greetings to the Gold Coast and Nigeria; and

S. Con. Res. 104. Concurrent resolution to print additional copies of part 4 of the hearings held before a subcommittee of the Committee on Interior and Insular Affairs relative to stockpile and accessibility of strategic and critical materials to the United States in time of war.

The message also announced that the Senate agrees to the amendments of the House to bills and a concurrent resolution of the Senate of the following titles:

S. 1225. An act for the relief of Brunhilde Walburga Golomb, Ralph Robert Golomb, and Patricia Ann Golomb;

S. 1748. An act to incorporate the National Fund for Medical Education;

S. 2744. An act to provide for the termination of Federal supervision over the property of the Alabama and Coushatta Tribes of Indians of Texas, and the individual members thereof; and for other purposes;

S. 3302. An act granting to the Las Vegas Valley water district, a public corporation organized under the laws of the State of Nevada, certain public lands of the United States in the State of Nevada;

S. 3303. An act granting to Basic Management, Inc., a private corporation organized under the laws of the State of Nevada, certain public lands of the United States in the State of Nevada;

S. 3532. An act to provide for the partition and distribution of the assets of the Ute Indian Tribe of the Uintah and Ouray Reservation in Utah between the mixed-blood and full-blood members thereof; and for the termination of Federal supervision over the property of the mixed-blood members of said tribe; to provide a development program for the full-blood members of said tribe; and for other purposes;

S. 3546. An act to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense; and

S. Con. Res. 92. Concurrent resolution favoring the suspension of deportation in the case of certain aliens.

#### SPECIAL ORDER GRANTED

Mr. JAVITS asked and was given permission to address the House for 20 minutes on Monday next, following the legislative program and any special orders heretofore entered.

#### COMMITTEE ON PUBLIC WORKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may sit this afternoon briefly in an emergency matter while the House is in session.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### WITHDRAWAL OF DENMARK FROM NATO

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, to those Members of Congress who have been voting through the years for billions of dollars in so-called foreign aid I call attention to the fact that Denmark, one of the chief beneficiaries has now pulled out of NATO.

This leaves a gaping hole in the defensive wall from Western Germany to Norway on the northern flank. Moreover, the Danish Government firmly refuses to permit the stationing of NATO troops or construction of NATO airfields on the soil of that country.

I have previously called attention of the House to the fact that in addition to military aid, the United States, in 1953, bought nearly 5½ million pounds of butter from Denmark and shipped it to the Far East Command. This was done at the instigation of the State Department in an effort to curry favor with Denmark even though there was a huge surplus of butter in this country.

Mr. Speaker, the withdrawal of Denmark from NATO points up the complete fallacy of a foreign policy that is predicated on the buying of friends.

(Mr. FEIGHAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

[Mr. FEIGHAN addressed the House. His remarks will appear hereafter in the Appendix.]

#### SPECIAL ORDERS GRANTED

Mr. STAGGERS asked and was given permission to address the House for 5 minutes today, following the legislative program and any special orders heretofore entered.

Mr. SHELLEY. Mr. Speaker, I ask unanimous consent that the special order heretofore granted to the gentleman from Connecticut [Mr. DONN] for today be transferred to Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

#### HORACE CHANDLER DAVIS

Mr. VELDE. Mr. Speaker, I offer a privileged resolution (H. Res. 704) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the Speaker of the House of Representatives certify the report of the Committee on Un-American Activities of the House of Representatives as to the refusal of Horace Chandler Davis to answer questions before the said Committee on Un-American Activities, together with all of the facts in connection therewith, under seal of the House of Representatives, to the United States attorney for the western district of Michigan, Grand Rapids, Mich., to the end that the said Horace Chandler Davis may be proceeded against in the manner and form provided by law.

The resolution was agreed to, and a motion to reconsider was laid on the table.

## DESIGNATION OF ACTING CLERK

The SPEAKER laid before the House the following communication which was read by the Clerk:

OFFICE OF THE CLERK,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., August 12, 1954.

The honorable the SPEAKER,  
House of Representatives.

SIR: Desiring to be away from the office for a few days, I hereby designate Don Bostwick, an official in my office, to sign any and all papers and do all other acts for me which he would be authorized to do by virtue of this designation and clause 4, rule III of the House.

Respectfully yours,

LYLE O. SNADER,  
Clerk of the House of Representatives.

## THE AIR NATIONAL GUARD—AMERICA'S LOW COST DEFENSE IN DEPTH

(Mr. EDMONDSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. EDMONDSON. Mr. Speaker, the other day I had the opportunity to visit one of our Nation's great Air National Guard units—the relatively new unit located at Fort Smith, Ark., which is just across the State line from the Oklahoma district which I have the honor to represent.

Once again, I was deeply impressed by the tremendous return which Uncle Sam receives on the defense dollar which the Government invests in the National Guard—both in the air and on the ground.

The Air Force is to be congratulated on the decision, which I understand was announced the other day, to make greater use of our country's fine Air National Guard through a series of runway alerts which will be maintained by ANG units in many parts of the Nation.

At comparatively low cost, we will have the benefit of many additional combat-ready planes and men at strategic points in the great alert system of the Air Defense Command. The men who stand these runway alerts will be on guard at the air approaches of their own home towns and communities, and their presence in the defense system will add sharp and experienced eyes as well as aerial muscle to America's air arm.

There are many strong and valid arguments for expansion of the Air National Guard in these times of atomic peril and budgetary difficulty for our Government.

Because of its very nature, an Air Guard unit can be maintained in a state of readiness at only a fraction of the cost of a Regular Air Force outfit. Full-time personnel requirements are of course only fractional, housing and medical needs are at a minimum, and many other cost items are nominal or nonexistent.

While no one contends that Air Guard units could replace needed Regular Air Force squadrons in some functions, no one will deny the following ANG advantages:

First. Air Guard units provide the most economical air defense in depth available.

Second. Air Guard units assure continued training and readiness for thousands of combat-experienced pilots and crewmen.

Third. Air Guard units are equally helpful in continued training and experience for needed technicians, mechanics, and ground crews.

Fourth. Air Guard units provide a convenient means to keep in fighting trim a great number of airplanes which are surplus to regular Air Force requirements.

Fifth. Air Guard units assure the coordination of many additional airports and communities in the air defense effort, and serve to enlist the active interest in air defense of millions of Americans.

There are many other reasons to be proud of America's Air Guard and the fine job its officers and men are doing in manning our Nation's ramparts of the air.

For my part, Mr. Speaker, I repeat that congratulations are due the Air Force for putting to greater use this fine defense force, and I sincerely hope that next year will see an even more active and expanded effort in this well-justified direction.

## CONSENT CALENDAR

The SPEAKER. Under the previous order of the House, the calling of the Consent Calendar is in order today. The Clerk will call the first bill on the calendar.

## TAX REFUNDS ON CIGARETTES LOST IN THE FLOODS OF 1951

The Clerk called the bill (H. R. 4319) to authorize tax refunds on cigarettes lost in the floods of 1951.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

## INCREASE OF COMPENSATION FOR CERTAIN DISABILITIES

The Clerk called the bill (H. R. 7712) to amend the veterans' regulation to provide an increased statutory rate of compensation for veterans suffering the loss or loss of use of an eye in combination with the loss or loss of use of a limb.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

## INCREASE OF COMPENSATION FOR CERTAIN DISABILITIES

The Clerk called the bill (H. R. 7851) to amend the veterans' regulations to provide additional compensation for veterans having the service-incurred disa-

bility or loss, or loss of use of both buttocks.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

## SPECIAL PENSION PAYABLE TO PERSONS AWARDED THE MEDAL OF HONOR

The Clerk called the bill (H. R. 8900) to increase the rate of special pension payable to certain persons awarded the Medal of Honor.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

## EXTENSION WORK AMONG INDIAN TRIBES

The Clerk called the bill (S. 3385) to provide for more effective extension work among Indian tribes and members thereof, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MARSHALL, Mr. FERNANDEZ, and Mr. METCALF objected and the bill was stricken from the calendar.

## STATE OF NORTH CAROLINA

The Clerk called the bill (H. R. 6427) for the relief of the State of North Carolina.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

## AMENDMENT TO MERCHANT MARINE ACT OF 1936

The Clerk called the bill (S. 3233) to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That section 901 of the Merchant Marine Act, 1936, as amended, is hereby amended by inserting "(a)" after "SEC. 901." and by adding at the end of the section the following new subsection:

"(b) whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 percent of the gross tonnage

of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: *Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies. Nothing herein shall repeal or otherwise modify the provisions of Public Resolution No. 17, 73d Congress (48 Stat. 500), as amended."

With the following committee amendment:

Page 2, line 21, after "agencies:", insert the following: "And *provided further*, That the provisions of this subsection shall not apply to cargoes carried in the vessels of the Panama Canal Company."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### GRAND TETON NATIONAL PARK, WYO.

The Clerk called the bill (H. R. 4770) to provide for taxation by the State of Wyoming of certain property located within the confines of Grand Teton National Park, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, the bill, S. 1706, is identical with the House bill, H. R. 4770, and I ask unanimous consent that the Senate bill be considered in lieu of the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted, etc.*, That the act entitled "An act to establish a new Grand Teton National Park in the State of Wyoming, and for other purposes," approved September 14, 1950 (64 Stat. 849), is amended by adding at the end thereof the following new section:

"SEC. 10. (a) The State of Wyoming or any duly constituted taxing authority thereof, shall have the jurisdiction and power to levy taxes with respect to any hotel or public facility for lodging purposes erected by persons, firms, or corporations pursuant to an agreement with any department, establishment, or agency of the United States, upon land embraced within Grand Teton National Park, together with all personal property appurtenant thereto or used in connection therewith.

"(b) In the event title to any property described in subsection (a) above is acquired by the United States by gift, donation, or purchase, payments in lieu of taxes lost as a result of such acquisition shall be made to the State of Wyoming for distribution to the county in which such property is located in accordance with the following schedule of payments: For the fiscal year in which such

property may be acquired there shall be paid an amount equal to the full amount of annual taxes last assessed and levied on such property pursuant to the authority granted by this section, less any amount, to be determined by the Secretary of the Interior, which may have been paid on account of taxes for a period falling within such fiscal year. For each succeeding fiscal year, in perpetuity, there shall be paid an amount equal to the full amount of annual taxes last assessed and levied on such property: *Provided*, That no payments shall be made with respect to any such property that has been disposed of by the United States, or that has been demolished or destroyed, prior to the beginning of the fiscal year for which such payments would otherwise be made.

"(c) As soon as practicable after the end of each fiscal year, the amount then due for such fiscal year under subsection (b) above shall be computed and certified by the Secretary of the Interior, and shall be paid by the Secretary of the Treasury: *Provided*, That such amount shall not exceed that portion of the revenues received by the United States during such fiscal year from visitors to Grand Teton National Park and Yellowstone National Park which is in excess of the payments for such fiscal year required by section 5 of this act. Payments made to the State of Wyoming by the United States under this section shall be distributed to such public taxing units in the county where the property is located and in such manner as the State of Wyoming may prescribe.

"(d) No person, firm, or corporation shall be relieved from liability for payment of, collection of, or accounting for any tax levied by the State of Wyoming, or by any duly constituted taxing authority thereof, pursuant to authority contained in this section, on the ground that the property, with respect to which such tax is levied, is located in whole or in part within a Federal area; and such State or taxing authority shall have full jurisdiction and power to levy and collect such tax to the same extent and with the same effect as though such area was not a Federal area."

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill (H. R. 4770) was laid on the table.

A motion to reconsider was laid on the table.

#### INCREASING ANNUITIES OF CERTAIN EMPLOYEES OF PANAMA CANAL

The Clerk called the bill (H. R. 3660) granting increases in the annuities of certain former civilian officials and employees engaged in and about the construction of the Panama Canal, and for other purposes.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### PRESCRIBING CERTAIN LIMITATIONS WITH RESPECT TO OUTPATIENT DENTAL CARE FOR VETERANS

The Clerk called the bill (H. R. 9866) to prescribe certain limitations with respect to outpatient dental care for veterans.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LONG. Mr. Speaker, I object.

There being no further objections, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That Veterans' Regulation No. 7 (a) is hereby amended by adding the following sentence thereto:

"No outpatient dental services and treatment, or related dental appliances, shall be furnished by authority of the provisions of this Veterans' Regulation No. 7 (a), or the provisions of section 6, Public Act No. 2, 73d Congress, as amended, unless the dental condition or disability (1) is service connected and of compensable degree; or (2) is service connected, shown to have been in existence at time of discharge and application for treatment is made within 1 year after discharge or by December 31, 1954, whichever is the later; or (3) is associated with and held to be aggravating disability from some other disease or injury which was incurred in, or aggravated by, service: *Provided*, That the foregoing limitations shall not apply to veterans of the Spanish-American War, including the Philippine Insurrection and the Boxer Rebellion, nor shall they be construed to restrict the authority provided by Public Law 16, 78th Congress, as amended and extended, to furnish dental services to veteran trainees thereunder: *Provided further*, That benefits (except for a dental condition or disability due to combat wounds or other service trauma or of a former prisoner of war) afforded under clause (2) shall be on a one-time completion basis only, unless the services rendered on a one-time basis are found unacceptable within the limitations of good professional standards, in which event such additional limited services may be afforded as are required to complete professionally acceptable treatment."

SEC. 2. The provisos to the item "Outpatient care" under the caption "Veterans' Administration" in the Second Independent Offices Appropriation Act, 1954 (67 Stat. 191), approved July 27, 1953, and the Independent Offices Appropriation Act, 1955 (68 Stat. 272), approved June 24, 1954, are hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### EXTENDING TO CERTAIN NATURALIZED CITIZENS OF THE UNITED STATES THE BENEFITS OF THE ACT OF MAY 29, 1944

The Clerk called the bill (H. R. 2305) to extend to certain naturalized citizens of the United States the benefits of the act of May 29, 1944, entitled "An act to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal."

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### AUTHORIZING PAYMENT FOR LOSSES SUSTAINED BY OWNERS OF WELLS IN THE VICINITY OF COLD BROOK, S. DAK.

The Clerk called the bill (S. 546) to authorize payment for losses sustained by owners of wells in the vicinity of Cold Brook Dam by reason of the lowering of the level of water in such wells as a re-

sult of the construction of Cold Brook Dam, S. Dak.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I would like to ask a question or two concerning this legislation. As I understand it, as a result of the construction of the Cold Brook Dam in South Dakota certain wells have been adversely affected. This bill would authorize the Federal Government to pay approximately \$15,000 to make those wells effective again.

Will this additional \$15,000 in cost be considered as a part of the original cost of the construction of the project and, if so, will any repayments made against the cost of construction include the amortization of this \$15,000?

Mr. BERRY. I assume that is correct.

Mr. FORD. Could I get the assurance of the gentleman from South Dakota and also the chairman of the Committee on Public Works of the House of Representatives that this \$15,000 will be added to the cost of the project and that the \$15,000 will be amortized against any repayments made to the United States Treasury?

Mr. DONDERO. Mr. Speaker, if the gentleman will yield, answering the question of the gentleman from Michigan, I cannot give that assurance to the gentleman for this reason: This is a Senate bill. Our committee did not hold hearings on it. But, it was explained to me that the wells were completely destroyed by the engineers in the erection of the dam, and this money is to enable those people to dig new wells where they are carrying water today in pails from the river for household purposes and for their stock. It simply makes restitution to those people who were injured.

Mr. FORD. I understand what the gentleman has said. However, this \$15,000, or approximately that amount, should be construed as a portion of the cost of the construction of the project, because the damage was done while the project was being built.

Mr. DONDERO. I would so consider it.

Mr. FORD. Therefore, it is my belief that this \$15,000 should be added to the overall cost of the project and amortized out of any repayments which are made.

Mr. DONDERO. I believe it should be, and I am of the opinion it will be.

Mr. FORD. I do not like to interfere with the approval of this legislation, but I think we should have something written into the bill in the form of an amendment to guarantee that this aim and objective is achieved. I would be glad to withdraw my objection if such an amendment could be drafted and included in the bill. Otherwise, I might be constrained to object.

Mr. DONDERO. I hope the gentleman will not object. It is a Senate bill. The Senate has already passed it. And, as I have already explained, it is simply to make restitution where the Government has caused damage to these people who are in no way at fault, and it simply

provides means where they can have new wells dug.

Mr. FORD. Is this a multipurpose project?

Mr. BERRY. This is a flood-control project.

Mr. FORD. Is there any hydroelectric power connected with it?

Mr. BERRY. No.

Mr. FORD. Any irrigation?

Mr. BERRY. No; it is entirely flood control.

Mr. FORD. It is entirely, 100 percent, flood control? Under those circumstances, there is no payment made from revenues derived from the project.

Mr. DONDERO. That is correct.

Mr. FORD. Under those circumstances, I think, then, that since there will be no payments made to the Government that there is no point in trying to include such an amendment. But, certainly the cost, this additional \$15,000, should be charged against the benefits accruing from the project.

Mr. BERRY. That is correct.

Mr. DONDERO. I agree with the gentleman from Michigan on that.

Mr. FORD. I withdraw my reservation of objection, Mr. Speaker.

(Mr. BERRY asked and was given permission to extend his remarks at this point in the Record.)

Mr. BERRY. Mr. Speaker, S. 546 authorizes payment for losses sustained by property owners below the Cold Brook Dam in Fall River County, S. Dak. The damages were created by lowering the water level in the construction of Cold Brook Dam.

This dam was part of a flood-control project to protect the city of Hot Springs, S. Dak., in my district. The project was begun in 1950 and completed in 1952.

Construction of Cold Brook Dam required the construction of a grout curtain in the rock formation under the dam and an impervious cutoff trench in the alluvium material overlaying the rock formation. To accomplish this work it was necessary for a period of about a year to intercept the normal stream flow and to bypass this water in a temporary channel. These interceptions to the stream flow have apparently resulted in lowering the ground water table in the alluvium. As a result, at least eight wells in the valley area below Cold Brook Dam have had a greatly reduced water supply.

This reduction in water supply has created a grave hardship for the property owners affected, and it has also caused a substantial reduction in the value of the property involved. Since the cause of this decreased water supply can be traced directly to the construction work on Cold Brook Dam performed by the Corps of Engineers, I feel the Federal Government is obligated to compensate these individuals for their loss. Early this year, therefore, I introduced H. R. 8176 with the same objective as S. 546. My bill was referred to the House Judiciary Committee, but before it could be acted upon by that group, the Senate passed and referred to your committee S. 546. In order to expedite action, I have asked that H. R. 8176 be tabled if S. 546 is passed by the House.

Although the cost of improving or replacing the affected wells has been estimated at only \$15,000, the importance of this measure to the individual landowners involved is tremendous. I am firmly convinced the Federal Government is responsible for the damages these property owners have suffered, and I strongly urge the passage of S. 546 to provide the relief necessary.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Army, through the Chief of Engineers, is authorized and directed to compensate the owners of water wells in the vicinity of Cold Brook Dam in South Dakota for losses determined by him to have been sustained by reason of the lowering of the level of water in such wells as a result, wholly or partially, of the construction and operation of Cold Brook Dam. Losses compensable under this act shall include, but not be limited to, (1) the expense of improving or replacing the affected wells so that an amount of water equal to the amount previously obtainable from the affected wells will be available to the owners; (2) the expense of maintaining an adequate supply of water pending the completion of the improvement or replacement of the affected wells; and (3) injuries to property resulting from the lack of an adequate supply of water pending the completion of the improvement or replacement of the affected wells.

SEC. 2. Claims for losses compensable under this act shall be submitted to the Secretary of the Army, through the Chief of Engineers, in such form and in such manner as the Secretary may prescribe. Any such claim shall be submitted not later than 2 years after the date of enactment of this act, or not later than 2 years after the lowering of the level of water which is the basis for the claim, whichever is the later.

SEC. 3. Payment of claims for losses compensable under this act shall be made by the Secretary of the Army out of any funds available for flood control.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### ADJUST TOLLS ACROSS BRIDGE NEAR ST. FRANCISVILLE, MO.

The Clerk called the bill (H. R. 8651) to provide for the adjustment of tolls to be charged by the Wayland Special Road District No. 1 of Clark County, Mo., in the maintenance and operation of a toll bridge across the Des Moines River at or near St. Francisville, Mo.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That in the event that the Wayland Special Road District No. 1 of Clark County, Mo., shall issue toll bridge revenue refunding bonds for the purpose of refunding or redeeming its outstanding 4 percent toll bridge revenue bonds dated December 1, 1935, which were issued to provide funds for the construction of the bridge authorized by an act of the 72d Congress, 1st session, approved February 14, 1933 (Public Law 337), or in the event that the said District shall extend the maturity date or dates of said outstanding bonds, the rates of toll to be charged for the use of said bridge shall be so adjusted as to provide sufficient revenues to pay for the reasonable cost of maintaining, repairing, and operating said

H. R. 3217. An act for the relief of Mrs. Florence D. Grimshaw;  
 H. R. 3273. An act for the relief of Edgar A. Belleau, Sr.;  
 H. R. 3732. An act for the relief of Catharine (Cathrina) D. Pilgard;  
 H. R. 3951. An act for the relief of Frank C. Koch;  
 H. R. 4175. An act for the relief of Charles R. Logan;  
 H. R. 4329. An act for the relief of Huntington, McLaren, & Co.;  
 H. R. 4474. An act for the relief of Frederick Joseph Buttaccio;  
 H. R. 4531. An act for the relief of Lyman Chalkley;  
 H. R. 4580. An act for the relief of the Florida State Hospital;  
 H. R. 5028. An act for the relief of Petra Ruiz Martinez and Marcelo Maysonet Mirell and Maria Benitez Maysonet Mirell;  
 H. R. 5086. An act for the relief of George Eldred Morgan;  
 H. R. 5092. An act for the relief of Robert Leon Rohr;  
 H. R. 5489. An act for the relief of Rocco Forgiione;  
 H. R. 5986. An act for the relief of Harold E. Wahlberg;  
 H. R. 6332. An act for the relief of James Phillip Coyle;  
 H. R. 6562. An act for the relief of Capt. C. R. MacLean;  
 H. R. 6566. An act for the relief of Daniel D. Poland;  
 H. R. 7413. An act for the relief of Harold J. Davis;  
 H. R. 7835. An act for the relief of S. Sgt. Frank C. Maxwell; and  
 H. R. 8252. An act for the relief of the city of Fort Smith, Ark.

The message also announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 5460. An act for the relief of Chancy C. Newsom; and  
 H. R. 5461. An act for the relief of Wah Chang Corp.

#### TRANSPORTATION OF WATERBORNE CARGOES IN UNITED STATES-FLAG VESSELS

The PRESIDING OFFICER (Mr. MORSE in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 3233) to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels, which was, on page 2, line 21, after "agencies" insert ": And provided further, That the provisions of this subsection shall not apply to cargoes carried in the vessels of the Panama Canal Company."

Mr. KNOWLAND. Mr. President, I should like to ask the distinguished Senator from Maryland if this matter has been taken up by him with the ranking minority member of the committee and with the acting minority leader?

Mr. BUTLER. That is correct.

Mr. KNOWLAND. Mr. President, will the Senator give a brief explanation of the amendment of the House?

Mr. BUTLER. The bill was passed by the Senate on the call of the calendar. When it passed the House it passed with an amendment exempting ships of the Panama Canal Company. That is the only amendment which was made.

I move that the Senate concur in the House amendment.

The motion was agreed to.

#### THE CALENDAR

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum before making a unanimous-consent request relative to the call of the calendar of bills which were placed at the foot of the calendar.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside and that the Senate proceed to the consideration of bills on the calendar to which there is no objection, limited to those which went to the foot of the calendar at the last call of the calendar.

The PRESIDING OFFICER (Mr. CASE in the chair). Without objection, it is so ordered.

The clerk will call the first order of business under the unanimous-consent agreement.

#### CREATION OF CERTAIN UNITED STATES JUDGESHIPS—BILL PASSED OVER

The bill (S. 2910) providing for the creation of certain United States judgeships, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. McCARRAN. Mr. President, this is a bill to create certain new judgeships in United States courts, and to change some judicial districts. I think the bill should not be taken up on the call of calendar, but should be called up when it can be fully discussed.

Mr. KNOWLAND. The Senator from Nevada might suggest, then, that the bill go over.

Mr. McCARRAN. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### BILL PASSED TO FOOT OF CALENDAR

The bill (S. 2601) to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SMATHERS. I shall have to ask by request, that the bill go over.

Mr. HENDRICKSON. Mr. President, will the Senator withhold his request?

Mr. SMATHERS. I am happy to do so.

Mr. HENDRICKSON. The Senator from Kentucky [Mr. COOPER] will be in the Chamber in a few minutes. I dislike to ask that the bill go to the foot of the calendar, but I think it wise that I should do so, because I believe the Senator from Kentucky desires to make a statement for the RECORD.

Mr. SMATHERS. It is perfectly agreeable to the minority calendar committee that the bill go to the foot of the calendar.

The PRESIDING OFFICER. Without objection the bill will be passed to the foot of the calendar.

#### SANTA MARIA PROJECT, CALIFORNIA—BILLS PASSED OVER

The bill (H. R. 2235) to authorize the Secretary of the Interior to construct the Santa Maria project, South Pacific Basin, Calif., was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JOHNSTON of South Carolina. Mr. President, I objected to consideration of the bill on the previous call of the calendar. I now withdraw my objection.

Mr. MORSE. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. KUCHEL subsequently said: Mr. President, I understand the Senator from Oregon interposed an objection to Calendar No. 1801, H. R. 2235. I merely wished to ask him whether or not he was quite sure that that was a bill to which he desired to object, since I had understood earlier he had no objection to the bill.

Mr. MORSE. Mr. President, when I talked to the Senator from California this afternoon I told him I did not think I had objection to the bill, that I was not sure which bill we were talking about, and that I would look into it. I did look into it, and I found that I did have an objection to the bill.

Mr. KUCHEL. Could the Senator from Oregon indicate the general nature of his objection?

Mr. MORSE. I shall be glad to make a statement of my objection to the bill. The bill is authorization for the Secretary of the Interior to construct the Santa Maria project in California. As the bill now reads, it contains the following proviso, which I object to:

*Provided, That in view of the special circumstances of the Santa Maria project, neither the provisions of the third sentence of section 46 of the act of May 25, 1926 (44 Stat. 636, 649) nor any other similar provision of the Federal reclamation laws shall be applicable thereto.*

A pertinent portion of the sentence referred to, which is to be found in section 423e of title 43, of the United States Code, and United States Code Annotated—title 43, United States Code Annotated, section 423e—reads as follows, beginning with a reference to irrigation

district contracts with the Secretary of the Interior:

Such contract . . . shall further provide that all irrigable land held in private ownership by any one owner in excess of 160 irrigable acres shall be appraised . . . and the sale prices thereof fixed . . . on the basis of its actual bona fide value at the date of appraisal without reference to the proposed construction of the irrigation works; and that no such excess lands so held shall receive water from any project or division if the owners thereof shall refuse to execute valid recordable contracts for the sale of such lands under terms and conditions satisfactory to the Secretary of the Interior and at prices not to exceed those fixed by the Secretary of the Interior.

Mr. President, the exemption from the above excess-lands provision in the Federal reclamation laws was made for the Santa Maria project as an amendment to the original bill (H. R. 2235) by the House Committee on Interior and Insular Affairs. The committee amendment so proposed was agreed to by the House of Representatives with the further amendment that such exemption should apply only "so long as the water utilized on project lands is acquired by pumping from the underground reservoir."

The exemption provision, with a further amendment relating to a repayment contract, has been reported favorably by the Senate Committee on Interior and Insular Affairs, and therefore is in the bill now on the calendar.

The printed committee hearings—which are serial No. 5, for April 29, 30, and May 19, 1953, before the House Subcommittee on Irrigation and Reclamation—and the committee reports—which are House Report No. 1098 and Senate Report No. 1789—do not present a convincing argument to warrant excluding this particular project from the operation of the excess-lands provisions of the Federal reclamation laws.

I want to make it abundantly clear that I am not objecting to authorization of construction of the project, but I am heartily opposed to suspending operation of an important element of our national laws, namely, the acreage limitation. To permit the proposed exemption, to favor a few owners of excess lands, to be written into the law by the Congress for a particular project, would do violence to our national policy on the subject. An exemption would be justified only on a clear showing of unusual circumstances meriting suspension of the normal application of the basic law. I fail to find such circumstances in the present case.

The acreage limitation provision was written into the great Reclamation Act of 1902 to carry forward similar provisions in public-land laws of the preceding century to encourage the working farmer and his family and to combat land monopoly and speculation. Simply stated, it was considered to be in the best interests of the country—socially, economically, and politically—to assist individual farmers and their families, and to prevent federally financed water projects from being the means of greatly enriching owners of large tracts of land. This national policy of acreage limitation has withstood the initial attacks, and opposition over the years, directly made by some large landholders. The

Congress has turned back all direct attacks. The policy has been supported by all administrations, Democratic and Republican alike, until this one. Are we now to see opposition take the form of flank attacks instead of frontal attacks? Are we to see the attacks made through the device here proposed for the Santa Maria project—as an exemption from the regular workings of the law?

This would be just one more example of a giveaway. This would be another example of a whittling away at precious property rights and opportunities for the many as against the selfish interests of a few.

This exemption approach would amount to a victory for large landholders—a total of only 13 in the Santa Maria area—and a congressionally issued encouragement to all large landowners elsewhere to seek similar exemptions for all future projects. Such victories, project by project, would have a disastrous effect on the national land and water policy, because it would practically give them success on an issue as to which they have never been able to be successful by direct attack.

In order to examine the alleged "special circumstances of the Santa Maria project"—which is the language of the bill as the grounds for granting the exemption—for us to determine if a sound reason does exist, let us take a look at the proposed project as revealed in the hearings before the House subcommittee and in the House committee and Senate committee reports.

The purpose of H. R. 2235 is to authorize the Secretary of the Interior to construct the Vaquero Dam and Reservoir project for irrigation and the conservation of water, flood control, and for other purposes, on the Santa Maria River in the Southern Pacific Basin of California. There has been joint planning by the Bureau of Reclamation of the Department of the Interior and of the Corps of Engineers of the Department of the Army. The works which enactment of the bill would authorize are those recommended to be constructed by the Bureau of Reclamation, and consist of a 214,000 acre-foot Vaquero Reservoir on the Cuyama River and appurtenant facilities. Related flood-control levees and channel improvements in the Santa Maria Valley, below the Cuyama River, would be constructed by the Corps of Engineers under authorization separate from this bill. The report of the Secretary of the Interior showed that construction of the levee system by the Corps of Engineers was anticipated as part of the overall plan of development.

The Santa Maria River is formed by the confluence of the Sisquoc and Cuyama Rivers at Fugler Point, about 10 miles east of the city of Santa Maria in Santa Barbara County, Calif. From Fugler Point, the river runs westward for approximately 20 miles, entering the Pacific Ocean near Guadalupe. The project service area is composed of the Santa Maria Valley, the adjoining Sisquoc Valley, and adjacent upland areas, most of which are south of the Santa Maria Valley.

All irrigation, municipal, and industrial water now used in the service area is

obtained by pumping from the common underground basin, underlying the entire area. Agricultural water supplies are, and will continue to be, obtained by pumping privately owned wells. The recharge of the groundwater basin is accomplished from rainfall and streamflows in the river and its tributaries. The reservoir, the only structure required for the reclamation project, will increase the total annual water supply available in the common underground basin to permit satisfactory continued irrigation of about 38,000 acres, although the present ground storage supply is sufficient, on a permanent basis, under natural conditions of runoff and percolation, for only 27,000 acres. So the project is one of conservation of water.

Construction of the 184-foot-high earth-fill Vaquero Dam and Reservoir on the Cuyama River 7 miles from the city of Santa Maria would make possible the retention of waste water during flood periods, and the later release of this water during the dry season into the Santa Maria River channel, at a rate not greater than the percolation capacity, thus providing for the entire stored flow to seep into the underground storage basin (i. e., ground-water reservoir). No surface-water delivery would be made to irrigators. Thus, floodwater which would otherwise be wasted will be conserved and placed in the underground storage basin. At least this is the intention of the project.

Does this commingling of waters in a common source basin underground—from which each water user in the area pumps his needs in privately owned wells—create such insurmountable obstacles to orderly, reasonable, and equitable administration of land limitation provisions as to demand that such provisions be made inoperative with respect to this project? I cannot agree that it does. It can be readily seen that mechanical means of control of project water supplies are unavailable. But this does not mean that there are no means available for enforcing the provisions of the land limitation provisions of the law. The reclamation law now provides that ownership of land receiving, or to receive, water benefits from federally financed reclamation projects shall be restricted to 160 acres a person, or 320 acres owned by husband and wife. Owners of excess lands must agree to divest themselves of ownership of those excess lands within a certain amount of time in the future. Here, then, is the mechanism for obtaining compliance with the basic provisions of the law: The Congress should make it a condition precedent of the Santa Maria authorization bill that no funds subsequently appropriated to carry out the authorization shall be spent unless and until all excess landholders have signed recordable contracts agreeing to divest themselves within a stated period of time of their excess lands. This surely works no hardships on anyone, and does prevent excess landholders from dictating project terms to the Congress of the United States.

It is asserted in committee hearings that two excess landholders, the Union Sugar Co. and the LeRoy family, own-





Public Law 664 - 83d Congress  
Chapter 936 - 2d Session  
S. 3233

AN ACT

All 68 Stat. 832.

To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 901 of the Merchant Marine Act, 1936, as amended, is hereby amended by inserting "(a)" after "SEC. 901." and by adding at the end of the section the following new subsection:

U. S. merchant  
vessels.  
Cargo preference.  
49 Stat. 2015.  
46 USC 1241.

"(b) Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per centum of the gross tonnage of such equipment, materials, or commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers), which may be transported on ocean vessels shall be transported on privately owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for United States-flag commercial vessels, in such manner as will insure a fair and reasonable participation of United States-flag commercial vessels in such cargoes by geographic areas: *Provided*, That the provisions of this subsection may be waived whenever the Congress by concurrent resolution or otherwise, or the President of the United States or the Secretary of Defense declares that an emergency exists justifying a temporary waiver of the provisions of section 901 (b) and so notifies the appropriate agency or agencies: *And provided further*, That the provisions of this subsection shall not apply to cargoes carried in the vessels of the Panama Canal Company. Nothing herein shall repeal or otherwise modify the provisions of Public Resolution Numbered 17, Seventy-third Congress (48 Stat. 500), as amended."

15 USC 616a.

Approved August 26, 1954.



AUGUST 26, 1954

JAMES C. HAGERTY, PRESS SECRETARY TO THE PRESIDENT

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THE WHITE HOUSE OFFICE

LOWRY AIR FORCE BASE  
DENVER

STATEMENT BY THE PRESIDENT

I have approved S. 3233, an act "To amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in the United States-flag vessels."

The United States requires a merchant marine which, as I have said before, constitutes our fourth arm of defense. However, I have been concerned over the manner in which this merchant marine is to be maintained.

In transmitting my message on Foreign Economic Policy, to the Congress on March 30, 1954, I stated that we must have a merchant marine adequate to our defense requirements. I also stated that such support of our merchant fleet as is required for that purpose should be provided by direct means to the greatest possible extent. In keeping with this approach, I asked the Department of Commerce to study the extent to which direct means can be utilized in maintaining an adequate merchant marine.

It appears that the major purpose of S. 3233 is to confirm on a permanent basis policies we have been following for a number of years. United States vessels are already carrying better than 50 percent of aid cargoes and cargoes resulting from the Government's stockpiling program. However, certain provisions of this legislation cause me concern and I hope the next Congress will reconsider them. I refer particularly to the provision with regard to currency convertibility which, if it applies to Title I of Public Law 480, 83rd Congress, would handicap the disposal of United States agricultural products abroad, and to the provision with regard to offshore procurement which, by forcing United States vessels into trades in which they normally do not operate, could increase the cost of the aid program. I am asking the Attorney General for an opinion on the applicability of the currency convertibility provision.

I am hopeful that the Department of Commerce study will result in some sound suggestions for the maintenance by direct means of a merchant marine adequate to the requirements of the United States. When this study is completed, I may wish to recommend additional changes in this legislation.

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